Greece ..... Dr 50   Netherlands Fl 2.25   U.A.E. ..... Dh 6.50
India ..... Rup 15   Norway .. Nkr 6.00   U.S.A. $1.50

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,030

Tuesday March 22 1983

Brussels' concern at state rivalry over industrial aid, Page 3

NEWS SUMMARY

GENERAL

Israel steps up W. Bank plan

Israel is to build eight new settlements on the occupied West Bank immediately, and 15 more in the coming year in a move criticised by the Opposition and clearly intended to dissuade King Hussein of Jordan from joining peace negotiations.

Israeli, Lebanese and U.S. officials resumed negotiations yesterday on an Israeli withdrawal from Lebanon.

Today Israel's Parliament will vote for its new president in a secret ballot. The ruling Begin coalition has nominated Judge Menahem Elon and the Labour Party Chaim Herzog, former Ambassador to the U.S. Page 4

From Amman it was reported that Palestinian guerrillas in Lebanon had been ordered to step up attacks against the Israeli Army.

In Beirut Major Saad Haddad, commander of the Israeli-backed militia, said Lebanon should have a defence treaty with Israel and declare war on Syria.

Strauss says No

Bavarian Christian Social Union leader Franz Josef Strauss turned down Chancellor Helmut Kohl's offer of a Cabinet place. Page 2

Finnish election

The Finnish Social Democrats appear to have gained five seats in the country's general election, according to computer predictions. This will give the party 57 seats in the 200-seat parliament, and retain its position as the biggest single grouping.

Angola threat

Angola rebels have threatened to kill 64 Czech and Portuguese hostages if Government forces attack them.

Prison pact

U.S., Canada, and 10 West European countries including Britain and West Germany, agreed that offenders jailed in foreign countries could serve their sentences in home-country prisons.

Party spoiled

Police raided a child's First Communion party in a village near Naples, arrested a reputed underworld figure and seized a submachine gun and six pistols from under the tables.

Poles fly out

Twelve Poles, eight adults and four children, escaped to Sweden in a light aircraft, seeking political asylum.

Boy, 14, shot dead

West German policeman shot dead a 14-year-old boy he saw climbing through the broken window of a youth centre at Gauting, near Munich.

Hong Kong card plan

Hong Kong is spending HK$400m ($80m) on a Bank of England-designed identity card programme to overcome a racket in counterfeit cards for illegal entrants.

Basketball killing

A Filipino basketball player shot dead an opponent who returned to collect his shoes after a disputed game had been abandoned.

Briefly...

Malaysian Cabinet reshuffle is expected next month.

Uganda: Canadian engineer was shot dead by an unidentified gunman.

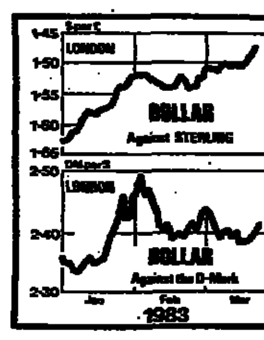
Munich: Fire badly damaged Deutsches Museum.

BUSINESS

Europe's computer giants in link talks

● THE LARGEST three European-owned computer makers, ICL of Britain, Cii-Honeywell Bull of France and Siemens of West Germany, are talking about setting up a joint centre for research on advanced systems. Page 20

● DOLLAR rose to DM 2.418 (DM 2.396), FFr 7.24 (FFr 6.91), SwFr 2.08 (SwFr 2.07) and Y241 (Y240.25). Its Bank of England trade-weighted index rose from Friday's 121.4 to 122.6. In New York, the dollar rose to DM 2.418, to FFr 7.23, to SwFr 2.077 and to Y240.77. Page 38



● STERLING dropped 1.7c to $1.4705, to DM 3.5575 (DM 3.565), SwFr 3.06 (SwFr 3.08) and Y354.5 (Y357.5), but rose to FFr 10.645 (FFr 10.27). Its trade weighting stayed at 78.9. In New York, sterling closed at $1.4735. Page 38

● FT Industrial Ordinary Index fell 8.5 to 652.5. Government Securities fell by almost 1 per cent on average. Page 31. FT Share Information Service, Pages 36, 37

● WALL STREET: Dow Jones Index closed 7.55 up at 1,125.29. Full share listings, Pages 32–34. Other foreign markets, Pages 31, 34.

● GOLD fell $7 in London to $414.5. In Frankfurt it closed at $414.75 and in Zurich at $414.5. In New York, the Comex March settlement was $420 ($415.4). Page 35

● THE INTERNATIONAL Monetary Fund may need an extra $9bn in the next 12 months, and should be allowed to borrow from the private sector, says an international committee of experts. Page 8

● ISRAEL'S three oil marketing companies have formed a joint company to market a fuel oil-coal mixture for businesses now using pure fuel oil.

● PILKINGTON BROTHERS, leading UK glass maker, signed a joint venture agreement with China to use its float-glass technology in a $120m factory in Shanghai.

● NEDBANK, South Africa's third largest, today begins paying 2 per cent interest on current accounts with balances above R500 ($458). Page 22

● LUFTHANSA, the West German airline, increased profits from DM 5.6m to DM 95m ($40m) in 1982, and resumes paying a dividend. Page 21

● PEOPLE EXPRESS Airlines of New Jersey has reached agreement in principle to buy 20 Boeing 727-200 jets for $80m from Braniff Airways, which is having to dispose of most of its assets. Page 20

● PAUL BERGSOE, Danish metals group, has been saved from bankruptcy by the subscription of DKr 240m ($28m) in new capital.

● BAYERISCHE VEREINSBANK of West Germany reported a sharp rise in profits, with partial operating earning 59 per cent up at DM 475m. Page 21

● VANTONA VIYELLA of UK and Toyobo of Japan ousted four Canadian directors of Consoltex Canada of Montreal, in which they have a majority.

● VEBA, the West German energy and chemicals group, reported 1982 net profits 36 per cent down at DM 301m ($128m), but held its dividend. Page 21

French franc effectively devalued by 8% against D-Mark

All EMS currencies realigned

BY JOHN WYLES IN BRUSSELS

EUROPEAN Community Finance Ministers finally overcame their political differences yesterday to adopt the most comprehensive currency realignment in the four-year history of the European Monetary System.

For the first time every one of the eight currencies participating in the EMS has been revalued against its European Currency Unit central rate.

At the core of the realignment is a effective 8 per cent devaluation of the French franc against the West German mark, based on a 5.5 per cent revaluation of the D-Mark and a 2.5 per cent franc devaluation. This means that the franc has been devalued by 28.5 per cent against the D-Mark since October 1981.

Under West German pressure, and because of the Dutch desire to keep broadly in step with the EEC's dominant economy, the Netherlands revalued the guilder by 3.5 per cent, Denmark raised the krona by 2.5 per cent and Belgium and Luxembourg revalued their francs by 1.5 per cent.

Italy, meanwhile, joined France with a 2.5 per cent devaluation of the lira, while Ireland devalued the punt by 3.5 per cent – its first currency change since joining the EMS.

Measured against current inflation differentials, the realignment would seem to give France some competitive advantage against each of the revaluing currencies. Denmark's revaluation was the most unexpected but is an indication of the present Conservative-Liberal coalition's determination to pursue a stabilising policy. Italy, meanwhile, has continued to tie the lira to devaluations of the franc, while the devaluation of the Irish punt is an attempt to alleviate the country's steadily declining competitiveness.

The agreement was reached on the third day of negotiation, just as EEC heads of government were arriving in Brussels for their spring summit, and narrowly avoided embroiling them in a major political and economic crisis. Failure to agree yesterday could have led to the French franc's withdrawal from the EMS and the adoption by Paris of more protectionist policies which might have threatened the EEC's very existence. All the governments, aware of the high stakes, pushed in the direction of compromise, and most ministers left Brussels proclaiming a victory for "community solidarity."

Reaction in EEC countries, Page 2; Lex, Page 20; market reaction, Page 31; money markets, Page 38.

M Jacques Delors, the French Finance Minister, who threatened on Saturday to take France out of the EMS, was yesterday full of praise for it as a vehicle for combating inflation which was "a congenital disease" in France.

He confirmed that the franc devaluation would be accompanied by measures to counter France's rising balance-of-payments deficit and that Paris would maintain its existing anti-inflationary policies.

On the surface, the realignment appears to be a major personal victory for the French minister. A firm believer in the EMS, he needed first of all to convince President Mitterrand of the wisdom of staying in the system and then to persuade other governments to join in a general realignment. This will help the French Government to present the crisis to domestic opinion as a general currency problem and not solely due to the weakness of the franc.

M Delors briefly outlined to his colleagues the further economic measures being planned by the French Government. Herr Gerhard Stoltenberg, the West German Finance Minister, who presided over the negotiations, said afterwards that he was "very satisfied" with everything he had heard on this subject.

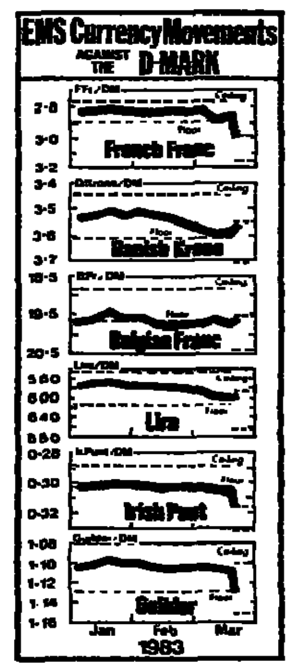
Herr Stoltenberg spoke for all ministers yesterday in affirming his belief that the realignment would restore calm to European currency markets. These have been in a state of extreme turbulence for the past fortnight as speculation on a change of parities intensified in the wake of the West German elections and the French municipal elections.

This was the most widely anticipated of all seven EMS realignments, but also proved the most difficult because of internal divisions in the French Government, sharp differences between Paris and Bonn on the shape of the realignment, and some reluctance in other capitals to carry out the role allotted to them once France and West Germany began to resolve their differences.

It emerged yesterday that the deadlock was broken on Sunday when Herr Stoltenberg and M Delors agreed that the franc devaluation against the D-Mark should be of the order of 8 per cent. But M Delors still had to convince President Mitterrand of the proposition and also to win full support in Paris for accompanying measures to curb France's still rising balance of payments deficit.

This, and the need for other ministers to consult their governments,

Continued on Page 20



Markets sceptical of changes

BY JEREMY STONE IN LONDON

YESTERDAY'S realignment of the European Monetary System met a sceptical response in the foreign exchange markets. In every major European centre dealers saw the new adjustments as insufficient and unconvincing.

Chaos in the foreign exchange markets had been widely expected but did not materialise. In thin early trading, dealers were careful to set very wide spreads around parities which closely anticipated those which emerged from Brussels at lunchtime.

Meanwhile, the dollar made all the running as Eurodollar interest rates stiffened by an eighth of a point and and the currency markets sniffed higher U.S. interest rates ahead.

The dollar gained heavily at the expense of the devalued French franc, closing in London at FFr 7.24, compared with rates before the weekend in the region of FFr 6.90. Even against the D-Mark, whose post-election strength had been a major reason for the realignment, the dollar was able to show a gain of 2.2 pfennigs, closing in London at DM 2.418.

Sterling could not resist the rise of the dollar, and closed 1.2 cents lower in London at $1.4705. But although the pound also showed losses against the D-Mark (three quarters of a pfennig lower than Friday at DM 3.5575) it gained enough from the weaker EMS members to close with an unchanged trade-weighted index of 79.8 (1975=100). Against the French franc sterling closed at FFr 10.645.

In Frankfurt one trader described it as a normal realignment: "The changes are not enough, they have been delayed too long, and it is just a question of time until the next realignment follows," he said.

In Amsterdam, before the new parities were announced, dealers were reported as saying that if the D-Mark and French franc moved apart by only 7 or 8 per cent, they would be looking for another realignment in a month or two.

In London, dealers conceded that the agreement might bring a period of stability to the markets.

EMS INTERVENTION RATES AFTER REALIGNMENT

	D-Mark	French franc	Dutch guilder	Belg & Lux francs	Italian lira	Danish krone	Irish punt	ECU central rates; % divergence indicator
D-Mark	–	2.9985	1.101675	19.5850	589.60	3.5505	0.316455	2.51515
		3.1363	1.15235	20.4835	684.73	3.7140	0.331015	± 1.0567
French franc	3.1885	–	3.5925	63.86	1,9227	11.5788	1.03214	6.79271
10	3.3359		3.7580	66.80	2,1677	12.1117	1.07964	± 1.4018
Dutch guilder	0.8678	2.6610	–	17.38	523.29	3.1513	0.280904	2.49587
	0.90770	2.7835		18.18	589.97	3.2963	0.29382	± 1.4941
Belg & Lux francs	4.882	14.97	5.5005	–	2,943.8	17.727	1.5803	44.3662
100	5.106	15.6590	5.7535		3,318.9	18.543	1.6530	± 1.5491
Italian lira	1.504	4.8130	1.6590	30.130	–	5.463	0.486968	1386.76
1,000	1.696	5.2010	1.9110	33.97		6.159	0.549015	± 4.1463
Danish krone	2.6925	8.2565	3.03375	53.93	1,623.6	–	0.87157	8.04412
10	2.8165	8.6365	3.17325	56.41	1,830.5		0.91168	± 1.6419
Irish punt	3.021	9.2625	3.4030	60.4965	1,821.45	10.9688	–	0.717050
	3.160	9.6885	3.5600	63.2810	2,053.53	11.4735		± 1.6696

Amount of each currency in one European Currency Unit

D-Mark	£ sterling	French franc	Lira	Guilder	Belgian franc	Lux franc	Danish krone	Irish punt
0.828 (37.38%)	0.0885 (14.05%)	1.15 (16.93%)	109 (7.86%)	0.286 (11.46%)	3.66 (8.20%)	0.14 (0.36%)	0.217 (2.70%)	0.00759 (1.06%)

Unofficial figures compiled by the Financial Times

France emerges with Socialist prestige intact

BY DAVID HOUSEGO IN PARIS

IF THERE was a victor in the affair, in French eyes it was M. Jacques Delors. Nobody had thought that the diminutive Finance Minister, appointed to the Socialist administration for his technocratic expertise, could have carried through a thoroughly cold-blooded diplomatic gamble sufficient to wring major concessions from West Germany and other European states by his carefully exploited threat to pull France out of the EMS.

In domestic political terms, the compromise at Brussels has salvaged French Socialist prestige by keeping the devaluation of the franc to a minimum and by forcing a more substantial revaluation of the D-Mark, which supports the French theses that the root of Europe's monetary ills has been the strength of the German currency.

It enables President Francois Mitterrand's administration to present the devaluation as part of a general realignment of currencies. It has also, in French eyes, given a satisfactory drubbing to an inexperienced, new West German administration prone to be condescending to Paris because of the failures of the French economy.

The French view is that Franco-German relations are a partnership of equals in which both sides need each other.

The threat to pull out of the EMS was obviously not all bluff. There is a powerful lobby on the Left which continues to believe this would have been the best course and enabled France to have rebuilt its industry behind protected frontiers and without applying the cuts in purchasing power now demanded by EMS discipline.

This lobby has as full or partial supporters such figures as M Pierre Beregovoy, the Minister of Social Security (and a candidate as Prime Minister if their views had carried the day); M Jean-Pierre Chevenement, the Minister of Industry; and M Jean Riboud, the head of Schlumberger, the oil-service giant and a friend of M Mitterrand. It also has the support of the Communists.

But it runs counter to M Mitter-

Continued on Page 20

U.S. to review GNP targets after 4% first-quarter growth

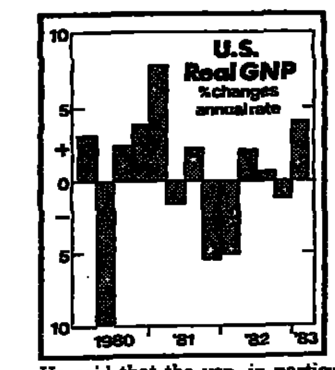
BY ANATOLE KALETSKY IN WASHINGTON

THE U.S. economy has been growing at an annual rate of about 4 per cent during the past three months and the economic recovery which is now under way "will be long and strong," President Ronald Reagan said yesterday, as the Commerce Department released its preliminary estimate of gross national product for the first quarter of 1983.

Following the Commerce Department's projection, Mr Donald Regan, the Treasury Secretary, said the Administration would revise upwards its official forecast of 1.4 per cent growth for 1983 as a whole.

But he warned that the recovery could still be endangered if taxes were increased later this year, as proposed by the Democratic leadership in Congress. Even a tax on imported oil would be "premature at this point," unless it was clear that "oil prices will fall even further" Mr Regan said.

Mr Regan also welcomed the realignment of the European Monetary System and predicted that the dollar would probably weaken somewhat once the foreign exchange markets settle down after the past few weeks' uncertainty.



He said that the yen, in particular, should now strengthen, having "gotten very much on the weak side in the past two weeks." The decline in oil prices ought to benefit Japan more than the U.S., he said.

The EMS realignment showed that there was a need for conformity in the economic policies of major nations and that any country which diverged in its policies would eventually face currency problems. This would be a main theme for discussions among world leaders at the Williamsburg summit in May, Mr Regan said. Despite a study commissioned by the last summit, the U.S. still did not see the need for official intervention in foreign exchange markets except in cases of unusual instability, he said.

The Administration's new economic forecast, due to be published in mid-April, is still the subject of intense debate among Government economists. But after yesterday's preliminary GNP figure, the final forecast is likely to be close to the "consensus" among private economists.

This now predicts year-on-year growth of 2.7 per cent growth in 1983 and forecast growth of 4.4 per cent in the current quarter, according to the monthly survey of forecasts conducted by Blue Chip Economic Indicators.

Yesterday's Commerce Department figures, which also showed that GNP in the fourth quarter of 1982 contracted by only 1.1 per cent, rather than the 1.9 per cent estimated earlier, were received neutrally by the markets. The decline in GNP for 1982 as a whole was 1.7 per cent, the worst annual figure since the aftermath of World War II.

UK output, Page 11

CONTENTS

EUROPEAN NEWS

Financial Times writers report on results of the European Monetary System realignment

Monetary drama rivals Paris rugby for intensity

By Paul Betts in Paris

PRESIDENT Francois Mitterrand has always claimed he has no "theological commitment" to the European Monetary System (EMS), but the events of the last 48 hours eloquently reflect his practical commitment.

As the economics commentator of one of the French television channels put it this weekend during broadcasts that rivalled in intensity and drama the commentary for the France-Wales rugby match, the EMS is the "spinal column" of European collaboration.

This collaboration has, historically at least, been essentially held together by constructive Franco-German co-operation.

FRANCE

The EMS was, in large measure, the product four years ago of the entente between M Valery Giscard d'Estaing, then French President, and Herr Helmut Schmidt, then West German Chancellor.

But if both Giscard d'Estaing and Chancellor Schmidt have gone, the practical arguments for the continued participation of France in the EMS were not lost on either M Mitterrand or Dr Helmut Kohl, the new Chancellor.

There may have been some French left-wing hawks who would have liked to see France drop out of the system: but M Jacques Delors, Finance Minister, won the day.

Le Monde, the national daily newspaper, on its front page on Sunday, explained that M Delors saw France's participation in the EMS not only important as a symbol of European co-operation but also as a discipline to force French enterprises to improve their competitiveness.

In a sense, the EMS can now act as the external constraint—a referee of sorts—on the political pressures from the Left calling on the Mitterrand Government to alter economic course and relax what they regard already as too tight an economic policy. This policy is now likely to become even tighter.

Bonn fears consequences if system failed

BY JONATHAN CARR IN BONN

WEST GERMANY had high hopes of the European Monetary System (EMS) at its formal foundation four years ago, feeling a major step had been taken towards European Monetary Union. Nowadays, Bonn hangs grimly on to the system and sees little prospect of developing it while fearing grave economic and political consequences if the currency block were to collapase.

Reasons of economy and politics were strongly intermingled when Chancellor Helmut Schmidt and President Valery Giscard d'Estiang of France launched their EMS initiative in early 1978. At the most obvious level of argument, the West Germans saw major benefits for their exporters who would have relative currency stability in an area where they did about half their business.

But at another level of argument, both Herr Schmidt and M Giscard d'Estaing, who were close friends, wanted to create an area of currency stability in Europe vis-a-vis the Americans.

Neither Bonn nor the Bundesbank, the central bank, now appear to have plans to develop the system as was foreseen in 1979. It certainly does not envisage the European Currency Unit (ECU) being boosted as a possible rival to the dollar.

But it does believe that if France were to leave the EMS, a wave of protectionism in Europe would emerge—hitting West Germany's exports and crushing the emerging economic upturn.

That is the key reason why Bonn has been ready to accept a D-mark revaluation.

West German industrialists reacted with anger and dismay yesterday at the agreement to revalue the Deutsche Mark, John Davies writes from Frankfurt.

West German industry would meet increased difficulties in export markets in Europe and elsewhere. It would probably also face more competition at home from French imports, industry representatives said.

The West German Industry and Trade Association (DIHT) warned Bonn against the illusion of trying to avoid protectionism through giving concessions on currencies.

W.GERMANY

Belgian minister welcomes revaluation

BY GILES MERRITT IN BRUSSELS

BELGIUM's Finance Minister, Mr Willy de Clercq, yesterday welcomed the parity realignments in the European Monetary System (EMS) that have yielded a 1.5 per cent revaluation of both the Belgian and Luxembourg francs.

At the end of the tense three-day finance ministers' meeting in Brussels, Mr de Clercq said that the new EMS currency rates would assist Belgium by restoring stability to the foreign exchange markets.

The Belgian franc's revaluation comes only a fortnight after the currency had come under renewed and severe speculative pressure that had prompted suggestions that it might be devalued along with the French franc in any forthcoming realignment of EMS currencies.

Earlier this month, the National Bank of Belgium had reportedly spent up to BFr 15bn (£214m) in support buying within a single week, and with the franc on the floor of the EMS grid the Belgian Government announced a surprise 2.5 per cent increase in interest rates.

But Belgian Finance Ministry officials last night were convinced that the revaluation of the franc will have a positive effect. In addition to the easing of pressure within the EMS resulting from the D-mark's effective 4 per cent revaluation against the Belgian currency, Belgian exporters will also enjoy improved competitivity in the West German market that accounts for almost a third of the country's exports.

BELGIUM

The chief concern for Belgium is that under the new EMS deal trade with France will suffer from the Belgian franc's effective 4 per cent revaluation against the French franc, and prejudice the Belgian economy's chance of an export-led recovery. Officials say, however, that Belgium's 8.5 per cent devaluation in February, 1982, still tends to favour its trade with France.

Zero effect predicted for the Netherlands

BY WALTER ELLIS IN AMSTERDAM

MR PIETER GROTEWEG, the Dutch Treasurer General, said last night that the net effect on Dutch trade of the EMS changes ought to be zero, leaving the Netherlands' competitiveness unaffected. He added that Mr Herman Ruding, the Finance Minister, had not seen any fundamental reason for the West Germans' 5 per cent revaluation but had accepted that pressing political reasons made the change essential.

However, the upward revaluation of the guilder, bringing with it a rise in the cost of Dutch exports, has aroused concern in the Netherlands' banking and trading circles.

NETHERLANDS

The adverse effects of yesterday's changes will be mitigated somewhat by the 2 per cent devaluation of the guilder against the D-mark. The Netherlands last year sold more than 30 per cent of its exports by value to West Germany while meeting only 22 per cent of its own import requirements from the federal republic. Thus, with Dutch goods instantly more competitive, the Netherlands ought to gain.

Danish central bank cuts official discount rate

BY HILARY BARNES IN COPENHAGEN

THE DANISH central bank yesterday reduced the official discount rate from 10 to 8½ per cent following the realignment of EMS currencies.

The bank said that the EMS realignment, a favourable trend in the trade balance (which showed a small surplus in January for the first time in 16 months) and the conclusion of new two-year collective wage agreements earlier this month had opened the way for the reduction in the discount rate, which was last changed in December, when it came down from 11 per cent.

The Government has been pressing for a reduction in the discount rate for several weeks, following a sharp rise in bond prices over the past few months, but the bank held out until the expected readjustment of the European currencies had taken place to avert a speculative run on the krone.

DENMARK

The Danish krone was revalued by 2½ per cent against the ECU, but, according to Mr Henning Christophersen, the Finance Minister, this will leave the trade weighted value of the krone virtually unchanged, with small depreciations against the dollar, the mark and the other Nordic currencies.

Italy expects boost in exports to W. Germany

By James Buxton in Rome

THE REALIGNMENT of the EMS currencies should give an important boost to Italy's exports to its biggest single market, West Germany, and reinforce the revival of Italian exports to the industrial countries which Italy expects this year as a result of the fall in oil prices.

The total effect of the devaluation of the lira by 2.5 per cent and the revaluation of the Deutsche Mark by 5.5 per cent is an 8 per cent devaluation of the lira against the West German currency.

This should give Italy a considerable advantage in the German market, which in the first half of last year accounted for 15.6 per cent of all Italian exports.

Since West Germany is also the largest single source of tourists to Italy, the balance of payments, which last year closed with a current account deficit of about lire 7,500bn (£3.5bn) will benefit it further.

Although the lira had been stable in the EMS until the recent fluctuations began early this month, the Italian authorities accepted that it would have to be devalued. The Italian currency almost invariably has to follow the French franc downwards, partly because the French economy tends to perform similarly to the Italian and partly because Italy wants its exports to remain competitive in France.

ITALY

An adjustment of the parity of the lira in the EMS was inevitable sooner or later because the Italian inflation rate is, at 16.4 per cent last month, increasly out of line with those of other European countries, especially West Germany.

However, the Italian authorities hope that the devaluation of the lira will not have too serious an effect on the lira-dollar rate.

Though exasperated by the French prevarication in the latest EMS crisis, Italy should have emerged from the crisis confident the system can continue.

Strauss opts to decline Bonn Cabinet post

BY JAMES BUCHAN IN BONN

HERR FRANZ-JOSEF Strauss, the long-serving chairman of the Bavarian Christian Union Social (CSU) announced yesterday that he would, after all, stay as Prime Minister of his home state and take no post in the centre-right coalition cabinet Chancellor Helmut Kohl is forming in Bonn.

Yesterday's announcement from the CSU ends nearly two weeks of intense speculation about Herr Strauss's ambitions and leaves clear the broad outlines of the new cabinet, which will be sworn in at the end of the month.

With the ebullient Bavarian renouncing what must be his last chance of high office in Bonn, the four senior ministries he was said at different times to be aiming for stay firmly in the hands of Herr Kohl's Christian Democrats and the Free Democrats (FDP), the junior partner in the coalition.

Despite losing a third of their seats in the March 6 general election, the FDP retains the foreign and economics ministries for Herr Hans-Dietrich Genscher and Count Otto Lambsdorff.

Equally certain is that Herr Gerhard Stoltenberg and Herr Manfred Woerner of the CDU will remain in the finance and defence ministries respectively.

However, Herr Strauss's mixture of threat and obstruction has gained for the CSU a fifth ministry at the expense of the FDP. It is widely expected that Herr Ignaz Kiechle, a Bavarian dairy farmer, will take over the Agriculture Ministry and end the 13-year tenure of the FDP's Herr Josef Ertl.

The CSU said that "the outstanding result" in the coalition negotiations over both substance and personnel had allowed Herr Strauss to refuse the chancellor's "honourable" offer of a ministry and the deputy chancellorship.

The statement did much to confirm what has been suspected in Bonn for some time, that Herr Strauss recognised he could not dislodge Herr Kohl's allies from the top ministries but wanted to use the threat of insisting on a job as a means to secure the best deal for his party both in terms of ministries and in giving a more right-wing flavour to the coalition programme.

However, when at the weekend Herr Strauss broke off the talks and put off a decision on his future until today's final round, word emerged that Herr Kohl was losing patience. The Chancellor is said to be anxious that there be no delay in the formation of the Cabinet and held a long telephone conversation with Herr Strauss yesterday morning.

A senior member of the government said yesterday that he had always doubted Herr Strauss, 67, would come to Bonn—"although you never know with Strauss. But the whole to-and-fro has been grotesque."

None the less, the CSU said it was highly satisfied with the programme agreed so far and the shareout of power. However, as part of the price, the Bavarians will give up the presidency of the Bundestag. At present Herr Richard Stuecklen is president and has been wearing an increasingly haggard look at the prospect of dealing with a new phenomenon, Green deputies.

BONN—The Munich magazine Quick yesterday released details of what it described as an uncompromising foreign policy paper which the CSU would present to FDP and CDU leaders at government negotiations.

Quick said the 27-page document, due for publication tomorrow, directly contradicted Mr Genscher, the Foreign Minister, on several key points.

It said China should be considered a natural ally of West Germany under present international conditions and called for a tougher attitude towards Moscow and East Berlin.

The CSU insists German borders cannot be finalised before the conclusion of a peace treaty between a reunited Germany and the four victorious powers of World War Two.

Concern over position of Irish punt grows

BY OUR DUBLIN CORRESPONDENT

THE Irish Central Bank is concerned that now the nettle of devaluation has been grasped, it may not bring the currency down even by the 4 to 5 per cent against sterling which is regarded as the optimum.

The prospect of the punt creeping up from its position at the bottom of the EMS when markets opened yesterday—eroding the position against the British currency—is likely to worry bankers and dismay those economists who have been arguing for a cut of up to 10 per cent as the minimum necessary to restore competitiveness.

IRELAND

The bureaucracy and paper work following Ireland's decision to opt for the EMS rather than remaining with sterling, is a constant irritant to Irish businessmen trading with the UK and an additional cost at a time of wafer-thin margins.

Britain keeps open its options over joining

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE BRITISH Government's official position in relation to the EMS remains that it would consider joining if the circumstances seemed appropriate.

The door was left diplomatically ajar throughout 1980 and 1981 when the pound was quite obviously overhauled as a result of the rapid build-up of oil sales accompanied by the tightening of domestic monetary policy under the Conservative Government.

The Conservative monetarist philosophy was, in any case, rather unsympathetic to any form of exchange rate policy.

By the spring of 1982, when the pound had fallen to around DM 4 and was still around $1.75, there was renewed discussion among MPs and in industry about whether the time was right for Britain to join.

However, the difficulties of France were already putting the EMS under strain, while the fall in world oil prices underlined the danger of pegging sterling at any particular rate.

This fear proved amply justified during the late auaumn, when sterling plunged against all currencies. This certainly strengthened the view in the UK Treasury that it would be possible to follow a general policy for the exchange rate.

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EUROPEAN NEWS

Mounting tension in Greece feared after Athens murder

BY VICTOR WALKER IN ATHENS

AS HOPES of a quick arrest faded, it became clear that the weekend murder of Athens publisher Tzortzis (George) Athanassiadis could aggravate an already tense political atmosphere in Greece.

Mr Athanassiadis, 71, was publisher of the Athens right-wing evening newspaper Vradyni and the daily financial newspaper Naftemboriki. He was fatally shot in his office in the Vradyni building near Omonia Square in central Athens on Saturday night by a so-far unidentified man.

A friend of Mr Athanassiadis who was with him at the time in the almost deserted building was shot in the stomach. He is said to have made a statement to police yesterday. On the basis of his description, police have started a manhunt throughout the country, with a special watch at airports and border crossings.

In a statement on Saturday night, Mr Evangelos Averoff, leader of the conservative opposition New Democracy Party, said that while the motives of the killing had not yet been ascertained, "the impression created by the way in which it was carried out is that it is a question of a political murder."

Mr Averoff called for "the resignation of those organs of the governing (Socialist) Party which sow hatred and cultivate terrorism," and added: "The Greek political scene, which was already tense, has become even more so. The responsibilities on the Government are immense."

Expressing regret at Mr Averoff's statement, Mr Dimitris Maroudas, the Government spokesman, accused the New Democracy leader of doubting the impartiality of the investigation.

The Greek Communist Party (KKE) said: "Irresponsible statements such as those of Mr Averoff facilitate those who seek to cultivate a climate of uncertainty in Greece."

Greece's two television channels, both Government controlled, carried the statements of Mr Maroudas and the Communist Party but not that of Mr Averoff.

Mr Averoff's remark about political tension was seen as a reference to military and police exercises at the end of February during which the Socialist and Communist parties staged a mock anti-military coup mobilisation.

The Government has still not explained the events of the weekend to the satisfaction of New Democracy, and has turned down requests for a Parliamentary debate.

Mr Athanassiadis became one of the best-known figures in Greek publishing when Vradyni was briefly closed down during the dictatorship that followed the April 1967 military coup. He was president of the Association of Athens Newspaper Publishers and of the Greek Olympic Games Committee.

East German economics newspaper closed down

BY LESLIE COLITT IN EAST BERLIN

EAST GERMANY'S only economics newspaper has been closed down along with the main Communist student weekly. Some 35 publications, including a foreign affairs magazine and a foreign trade newspaper, will cease to appear or are to be merged with other publications. The official reason given for the move is the need to save paper.

However, East German observers say the closure of Die Wirtschaft (The Economy), a monthly newspaper, is the result of a decision by the ruling politburo to exert tighter control over the flow of economic information.

The Communist student weekly Forum has been eliminated because it frequently dealt with West German political themes such as the Greens ecology and peace party in a more balanced manner than is customary in the East German Press. The same was true of the foreign policy periodical Deutsche Aussenpolitik which has also been closed.

Key unions accept hours cuts in Netherlands

By Walter Ellis in Amsterdam

WORKING PRACTICES in The Netherlands may be on the brink of an important structural change following agreements last week between company managers and workers in the vital printing, metal and heavy engineering sectors.

Union leaders representing The Netherlands' 60,000 print workers save agreed to accept a plan cutting their members' working week from 40 hours to 38 hours between January and July of next year and to 36 hours in January 1986.

The reduced number of hours will, it is claimed, enable the industry to protect some 2,500 jobs now threatened and to create a further 2,500 by 1986. Creation of the new jobs would be facilitated by the wage freeze.

The agreement came after 25,000 workers in the metal and heavy engineering industries agreed to a cut in their basic week from 40 to 38 hours from January 1985. In addition, they have voted to accept a total wage freeze to the end of 1984, so that the incomes of all employees in the twin sectors will remain as they were on December 31 last year. Even their statutory right to inflation compensation of 2.06 per cent for the last six months of 1982 has been foresworn.

Finally, retirement age is to be lowered on a voluntary basis from 61 to 60 and an extra day off for every worker is to be written into agreements for this year and 1984.

The agreement has been hailed as a breakthrough by Mr Jan De Koning, Minister for Social Affairs and Employment. Mr De Koning has been working assiduously to promote shorter working hours, wage moderation and early retirement. He sees the job-sharing which should result as an important means of reducing unemployment.

Mr De Koning is now suggesting the possibility of framework legislation on the reorganisation and reduction of working time. He told parliament last week that the Dutch inflation rate could fall this year to as low as 2 per cent and that as this would make it virtually impossible to fund future deals on reduced hours by trading them against price compensation, "other wage components" would have to be discussed.

Commission investigations have shot up, reports **Giles Merritt** in Brussels

EEC crackdown on industry state aid rivalry

"GIVE OR take a few billion dollars either way," comments a senior European Commission official, "we calculate that EEC member governments are between them now spending an annual DM 100bn (£27.5bn) on state aid and subsidies to industry."

Brussels' overriding concern is, of course, that this rising volume of government funding is not so much going toward the creation of new industrial structures that will strengthen European economies, but instead is being spent on investment subsidies in a divisive game of "beggar-my-neighbour" aimed at luring new manufacturing projects.

The normal cut and thrust of competition between EEC partners for scarce foreign investment has in the past two years been sharpened by recession into a much more cut-throat rivalry. The bidding for multinational corporations' "internationally mobile" plant investment is not only expensive andy controversial, it is also increasingly illegal under the terms of the Treaty of Rome.

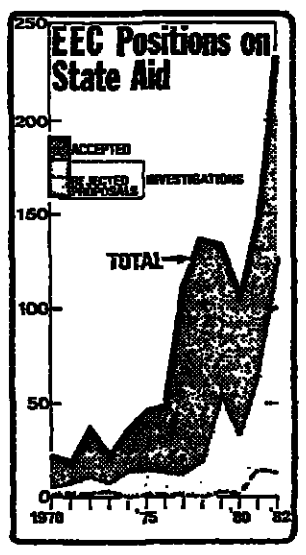
Figures prepared recently by the Brussels Commission show an alarming increase during 1981 and 1982 of cases where state aid has become the subject of special investigations by the EEC authorities, and of cases where member governments have been told they must abandon illegal subsidies.

As the chart shows, in these two years, Brussels launched 190 investigations in the former category, compared with a total of 195 for the entire 11 previous years, while in negative decisions in which EEC governments were ordered to desist from awarding aid, 1981-82 produced 27 such decisions as against only 21 for the period 1970-80.

Britain, for a variety of reasons, has lately been at the centre of the worsening row in Brussels over the use of aid, grants and other incentives to tempt new manufacturing investment. In one case, the UK is complaining that 1,900 vital jobs have been lured away from an especially depressed part of Scotland by unfair French subsidies.

In another, the Belgian and Dutch Governments are objecting that Britain has used the same technique to shift employment totalling 1,800 jobs from their countries over to Scotland.

A Commission decision on the former row, over whether or not the U.S. watchmaking giant Timex was unfairly induced to transfer its quartz watch production from Dundee to Besançon, is due shortly after Easter. In the meantime, Britain has been required to furnish details of some £12m in grants that it is alleged to have waived under the nose of Hyster, the U.S. forklift truck manufacturer, to help persuade it to "consolidate" its activities at Irvine, Scotland, at the expense of its other plants in Belgium and the Netherlands.



The two parallel disputes involving the UK are important to the more general debate over competitive state aid inside the EEC because both touch on the crucial issue of the Community's development policies and attempts by the Ten to give hardest-hit areas top priority.

The bitterness over Timex's major switch to France owes much to the fact that Dundee is a Special Development Area with special status within the EEC, while Besançon is not. The British Government also justifies its offer of attractive subsidies to Hyster on the grounds that Irvine, too, is a development zone.

The threat to EEC regional development targets of such bidding-up is clear enough, and the present uneasy situation is aggravated by the fact that there is no harmonised aid system covering the EEC as a whole. Member states negotiate the ceilings on their grants with Brussels, and this ad hoc procedure has in itself prompted disputes and abuses.

For the Brussels Commission, which must follow Treaty of Rome rules that forbid all such distorting aids except in special circumstances, the problem is further complicated by the fact that state aid is notoriously opaque and hard to quantify.

Devices such as interest rate subsidies, equity participations and Government injections of capital are only part of a panoply of aids that are also awarded at local authority level. Commission officials now complain they have a severe staffing problem due to the strains of monitoring the EEC aid race.

At the same time, Brussels is increasingly being caught in the cross-fire between discontented EEC member governments. The Commission is the target of a West German lawsuit in the European Court of Justice over its alleged failure to observe the competition rules and consult member states before allowing the massive Belgian subsidies involved in the country's textile industry plan.

The contradictions in the state aid dispute do not stop there. Much as the Commission's impartial role of referee is generally recognised, member governments have not been unanimously in favour of its efforts to crack down on subsidisation.

Last year, France and Britain lost a legal challenge in the Luxembourg court to the Commission's use of Article 90 of the Rome Treaty unilaterally to issue a directive requiring more information and "greater transparency" of EEC governments' public sector fundings.

Both Paris and London insisted that their objections were constitutional, designed to contest Brussels by-passing of the EEC Council of Ministers, but the suspicion remains that they resented the Commission's intrusive scrutiny.

Encouraged by the European Court's finding, the Commission is within the next few months to unveil a set of demands under which it will enlarge its Article 90 powers by adding transportation, energy and finance to the sectors under supervision.

By mid-year, it also plans that Mr Frans Andriessen, the Dutch Commissioner responsible for competition matters, should announce a new policy position on the troubled aid question. Details of the forthcoming Andriesson statement are being kept confidential, although his officials warn that some governments "may consider them restrictive."

IG Metall hopes to avert impasse in talks

BY STEWART FLEMING IN FRANKFURT

THE top officials of West Germany's largest trade union, the 2.6m strong I G Metall are meeting today in Frankfurt to decide on action in the face of a threatened breakdown in wage negotiations in the industry.

Industry leaders are already expressing fears that the annual wage talks have reached the point where the union could resort to a nationwide strike. But union officials concede privately that a major strike is something they want to avoid if possible, although they do not rule out the possibility that a miscalculation by either side could result in strike action.

Last weekend, negotiations on behalf of the 680,000 union workers in the state of Bavaria were broken off, dashing hopes that an agreement in this region could form a pattern for a national settlement.

The gap between the two sides remained wide, with the employers offering a 3 per cent wage increase over a 15-month period and the union sticking to a demand for a 4 per cent rise over 15 months to match the settlement the union has already reached with Volkswagen, West Germany's largest automobile manufacturer.

The metal industry wage round is crucial for the West German economy because it normally sets the pattern for wage increases throughout the economy, not only in industry but also in the financial services and public sectors. There are fears that if the metal workers were to resort to a national strike, this would reduce the chances of peaceful settlement elsewhere, particularly in the public sector, where tough negotiations are likely.

With over 2m workers unemployed in West Germany, a conservative Government overwhelmingly confirmed in office and inflation sinking fast, I G Metall's position is not strong. If it were to call a national strike, it would be roundly condemned for endangering the economic recovery widely predicted.

The union itself is well aware that next year's wage round promises to be one of its hardest ever as it battles for a substantial cut in working hours.

Yesterday, regional officials were meeting with local representatives, trying to judge the mood of the membership. Employers are already arguing that officials are out of touch with their members who do not want a major conflict.

The employers' representatives have been adopting a tough line, conscious of the strength of their position in the current political and economic climate, and aware too of the continued pressure on corporate profits, a factor to which the Bundesbank drew special attention in its last monthly report.

N-planning talks start today

THE PORTUGUESE armed forces mounted an unprecedented security operation in the resort area of Vilamoura in the Algarve for the meeting of the Nato nuclear planning group attended by Mr Caspar Weinberger, U.S. Defence Secretary, Michael Heseltine, Britain's secretary for defence, the defence ministers of 11 other Nato states and senior military leaders.

The nuclear planning group, whose full sessions begin today, is expected to discuss the interim report of the high-level group on proposed reductions of short-range nuclear warheads in Europe.

Reuter adds: Mr Weinberger will leave for Madrid on Wednesday for a three-day visit

EUROPEAN NEWS

Trade union shadow summit urges new economic strategies

BY GILES MERRITT IN BRUSSELS

TOP EUROPEAN trade union leaders yesterday held a "shadow" summit in Brussels to urge fresh economic and employment measures on the EEC heads of government as they met here for two-day talks.

The trade unionists issued an eight-point programme for EEC recovery, and warned that the success of the European council summit had to be judged against the EEC leaders' ability to take steps to meet these demands for concerted investment programmes and new employment measures.

The timing of the European trade union confederation summit had been planned to match the opening of the March 21-22 EEC summit, but by sheer coincidence the trade union leaders found that their meeting was taking place not only at the same time as the dramatic EMS realignment negotiations between EEC finance ministers but also in the same building.

The ETUC chiefs therefore took the opportunity to issue a further statement warning that crisis talks on readjusting parities between the EMS currencies reflected the lack of a coherent EEC economic policy. M. Mathias Hinterschied, the ETUC's general secretary, commented that the crisis in the EMS resulted from European governments' preoccupation with the thermometer that measured temperature rather than with the reasons for the patients' fevers.

The aim of the ETUC shadow summit, it was emphasised, was also to draw attention to the detailed economic recovery programme that has been drawn up by the major European trade unions, but which despite rising EEC unemployment has failed to gain acceptance by most member states.

Walesa gets no reaction from Polish authorities

By Christopher Bobinski in Warsaw

MR LECH WALESA'S new policy of speaking out and urging the authorities to come to terms with the Solidarity movement, has so far been met with a deafening official silence.

In recent weeks Mr Walesa has spoken of the need for protests to force the authorities to talk with the banned union, win freedom for imprisoned activists as well as those threatened with trials.

His two-day trip to Warsaw at the weekend when he met with colleagues from the Solidarity movement came on the eve of a speech in parliament today by General Czeslaw Kiszczak, the Interior Minister, on the situation in the country.

General Kiszczak's remarks are important as he is the official most clearly identified with freeing Mr Walesa from internment last November and his reputation as a moderate makes him vulnerable to hardline criticism.

During the weekend Mr Walesa saw Cardinal Jozef Glemp, the Polish Primate, spoke to the families of detainees and went to the theatre where he spoke from the stage to actors thanking them for their stance last year.

With the Papal visit fixed for June and the prospect of a repeat of last year's street protests on May 1, Labour Day, Mr Walesa is aiming at putting pressure on the authorities within the bounds of the law but without disavowing the union's underground leadership.

While the authorities continue to treat Mr Walesa as a private individual there are signs that they are still hoping that he might be persuaded to take part in such institutions as the anaemic Pron Movement for national conciliation. Mr Walesa for his part has not abandoned hope that the authorities will permit solidarity to reform at the factory level within the confines of laws passed last October which formally banned the union.

Soviet Prime Minister visits Belgrade for talks

BY ALEKSANDAR LEBL IN BELGRADE

MR NIKOLAY TIKHONOV, the Soviet Prime Minister, arrived in Belgrade yesterday. He and his Yugoslav counterpart, Mrs Milka Planinc, will have exhaustive talks about Yugoslav-Soviet economic and other relations. These generally have been good but have been strained at times because of differences about international issues such as Afghanistan and Kampuchea.

Mr Tikhonov, 77, is the most senior Soviet visitor to Yugoslavia since President Tito's death in 1980, although top state and party representatives met briefly in Moscow last November and December. Before him, Mr Andrei Gromyko had paid an overdue visit a year ago.

The Soviet Union is Yugoslavia's most important trading partner with $7bn of business expected this year. The Soviet Union has a trade deficit which the Yugoslavs would like to see reduced by increased deliveries of Soviet crude oil and raw materials. With oil exports declining elsewhere the Russians might be willing to supply more than the 4m tonnes at present, something they have refused in the past.

Even before the change in the Soviet leadership a new approach to economic relations between the two countries has been detected by some observers. Instead of applying sanctions when it disapproved of Yugoslav policies, the Soviets have used a "gentle touch," increasing trade and other forms of economic co-operation and thereby tying the Yugoslav economy ever closer to the Soviets Yugoslavia's problems in selling to Western countries has helped in this respect.

Mr Tikhonov, it is felt in Belgrade, may use his meetings with Mrs Planinc and other Yugoslav leaders to convey the Soviet leadership's dissatisfaction with aspects of Yugoslav foreign policy. Moscow does not like Yugoslavia's role in the non-aligned movement, particularly its opposition to the thesis of a "natural alliance" between the non-aligned and Socialist countries.

Poles flee in light aircraft

By David Brown in Stockholm

TWELVE Poles arrived by light aircraft in Sweden early yesterday after a two-hour flight across the Baltic and asked for political asylum.

The eight adults and four children were questioned by police in the southern coastal town of Kristianstad. The pilot said he had flown from northern Poland and had no idea upon landing whether he was in Denmark, Sweden or West Germany.

Last October, a crop-spraying aircraft with 20 Poles on board flew to southern Sweden, where all passengers save one woman requested and were granted political asylum. The woman returned to Poland.

Spanish delegation starts talks with Algeria

BY TOM BURNS IN MADRID

SPAIN'S declared interest in good neighbourliness with north west Africa and in reduced tensions in the area will be pursued by a high-level government delegation, headed by Deputy Prime Minister Alfonso Guerra, which starts a four-day trip to Algeria today.

At the end of the month, Prime Minister Felipe Gonzalez is due to visit Morocco in the second stage of what Spanish diplomats call a new "global" approach to the Mahgreb. The recent easing of relations between Algiers and Rabat has been closely monitored by Madrid where the foreign ministry places a high priority on stability in the region.

Sr Guerra is travelling with the industry and the public works ministers as well as the secretary of state for commerce. In addition to Sr Guerra's diplomatic mission to evaluate contacts between King Hassan and Algerian President Benjedid Chadli, the 31-member Spanish team will be reviewing contracts on gas imports.

OVERSEAS NEWS

REAGAN PLEAS DEFIED

Israel to build more West Bank settlements

BY DAVID LENNON IN TEL AVIV

ISRAEL has decided to build eight new Jewish settlements on the West Bank immediately and another 15 during the coming year. The move has quickly been criticised by the opposition as designed to discourage King Hussein of Jordan from entering peace negotiations

One of the conditions being laid down by the Jordanian monarch for entering negotiations with Israel is a halt to Jewish settlement on the West Bank, which Israel captured from Jordan in 1967.

But the government of Mr Menahem Begin regards the West Bank, which it calls Judea and Samaria, as a God-given part of the biblical land of Israel. It has no intention of giving up any of that territory to anyone, even in exchange for a peace treaty.

The Cabinet decision, made on Sunday but revealed yesterday, defies recent calls by Mr Ronald Reagan, the U.S. President, for a halt to settlements. He wanted this as a gesture which could create a suitable climate for King Hussein to enter into peace talks.

Condemnation of the Israeli Government decision came from left-wing members of the opposition Labour Party. They said it was deliberately timed to slam the door in the face of King Hussein at a time when he was actively considering joining the peace process.

One of the new settlements, Maachaz Boacha, will be built on the hills above Nablus, one of the largest and most nationalistic of the Palestinian towns on the West Bank. The plan is to develop it into a town which will dwarf Nablus, just as Upper Nazareth was built in the 1950s to overshadow Nazareth, the largest Arab town in Israel.

The eight new settlements announced yesterday are in addition to the 20 civilian settlements already planned for construction during fiscal 1983-84 and seven paramilitary settlements on which work started in January. Thousands of new housing units are also being added to the 121 Jewish settlements built on the West Bank since 1967.

The policy of the Begin Government during the last six years has been to intensify Jewish settlement on the West Bank to a point where it would be impossible for any Israeli Government to cede some parts of the West Bank in exchange for a peace agreement with Jordan.

Mr Begin

Mr Elias Freij, the Mayor of Bethlehem on the West Bank, has repeatedly warned in recent months that if negotiations are not started soon then Israeli settlements will have taken over so much West Bank land that there will be nothing left to discuss.

Meanwhile, West Bank Palestinians continued for a third week to demonstrate and protest yesterday against the occupation and vigilante actions by the Jewish settlers.

Tripartite negotiations on withdrawal resume

BY OUR TEL AVIV CORRESPONDENT

ISRAELI, Lebanese and U.S. officials resumed negotiations in Netanya, north of Tel Aviv, yesterday on an Israeli withdrawal from Lebanon amid continuing differences, despite earlier signs that a breakthrough was near.

Israel has dropped its demand that it maintain permanent military garrisons in southern Lebanon after the withdrawal, but at the same time is still insisting on the right to stage joint patrols with the Lebanese army once a key role for the southern Lebanese militia of rebel Major Saad Haddad. Israel also opposes a continued UN role in the south.

The meeting of the tripartite committee of officials was the first in 10 days. Israeli officials said they thought the sides were still far apart on the question of future security arrangements.

President Ronald Reagan's special envoy, Mr Philip Habib, travelled to Beruit yesterday after two hours of talks with the Israeli Foreign and Defence Ministers on Sunday night. He is expected to return to Israel later in the week with the Lebanese leaders' response to the Israeli criticisms of ideas worked out in Washington when the Israeli and Lebanese foreign ministers visited last week.

Meanwhile, friction continues unabated between the Israeli occupation forces in Lebanon and the U.S. marines stationed in the Beruit area. There are reports almost daily of minor clashes between the troops.

The army spokesman in Tel Aviv has been repeatedly denying U.S. charges that the Israeli forces provoke incidents with the marines. The army spokesman, brushes aside the U.S. complaints as "baseless."

Gloom in Amman over demands for concessions

BY PATRICK COCKBURN IN AMMAN

THERE IS little optimism in Amman after King Hussein's talks in London last weekend, that the U.S. will be able to get Israel to make the concessions which Jordan has said it needs to start negotiations on President Reagan's Middle East peace plan.

Jordan wants some sign that Israel will withdraw from Lebanon, a freeze on Jewish settlements on the West Bank and active Palestinian participation in the negotiations.

Officials are concerned that Israel may annex the West Bank or take other drastic measures to show its rejection of the plan for Palestinian autonomy on the West Bank and Gaza as put forward by President Reagan last September.

There are signs, however, that the Palestinian Liberation Organisation is prepared to give Mr Yassir Arafat, its chairman, greater leeway in talks with King Hussein, which are now expected to start next month.

Mr Khalil Wazir better known as Abu Jihad, deputy leader of the PLO, said in an interview yesterday that Mr Arafat was not restricted by the recent Palestine National Council meeting, in Algiers in February, which came out with apparently hardline resolutions.

Neither the PLO nor the Jordanians show much confidence that Israel is willing to moderate its policy on the West Bank. The U.S. failure to persuade the Israelis to withdraw from Lebanon has strengthened their scepticism concerning Washington's resolve.

The PLO does not want to be blamed for the failure of the Reagan plan, and wishes to maintain its good relations with Jordan

Mugabe thanks troop trainers from N. Korea

By Tony Hawkins in Harare

MR ROBERT MUGABE, Zimbabwe's Prime Minister, yesterday thanked the North Korean military experts who had helped train the country's Fifth Brigade, saying that their contribution had "made them one of the greatest friends of Zimbabwe."

The North Korean-trained unit has been the target of criticism in the Western media because of alleged brutality against civilians in Matabeleland, where the brigade has been deployed against the Ndebele dissidents.

The Prime Minister called for discipline in the national army, saying: "Any army that turns itself into a peoples' enemy no longer deserved the right to defend them."

The army, he said, must also improve its capability and equipment in order to repulse continued acts of aggression from South Africa.

The Prime Minister, who was speaking during a military demonstration near the midlands city of Kwekwe said the national army needed "sharpening"

The Premier, reported by the national news agency, Ziana, said that although there were difficulties in Zimbabwe created by the dissidents in Matabeleland, South African aggression posed a more serious threat.

Swazi struggle intensifies

By J. D. F. Jones in Johannesburg

THE POWER struggle in Swaziland between "traditionalists" and "modernists" has intensified sharply with confused reports that Prince Mabandla Dlamini, the Prime Minister, has been ousted.

Mr Jetro Mamba, the Speaker of Parliament, was reported to have told Parliament yesterday that the Swazi chiefs would be summoned to the Royal Kraal tomorrow.

It was not clear whether the Prime Minister would keep his post, but the pressure on him was illustrated by news that two leading traditionalists, Prince Mfanasibili Dlamini, a former cabinet minister, and Chief Msanawekose Maskeo, had been released from prison, where they faced charges of sedition.

The position of the Prime Minister, who is generally regarded as a modernist and who was appointed by the late King Sobhuza II in 1980, depends on his influence with Queen Regent Dzeliwe, the "Great She Elephant," who succeeded the king on his death last August.

Malaysian cabinet shuffle likely

BY WONG SULONG IN KUALA LUMPUR

DR MAHATHIR MOHAMED, the Malaysian Prime Minister, is expected to shuffle his cabinet next month because of the impending resignations of at least two ministers.

Dr Mahathir says that he feels the present 23-member cabinet is a legacy he inherited when becoming Premier 20 months ago. He says he now has the opportunity to form one that would reflect his emphasis on "hard work, honesty and his 'look East' programme."

Datuk Lee San Choon, the Transport Minister, and Datuk Mohamed Nasir, Minister in the Prime Minister's Department, are both expected to retire from active politics. A vacancy is also created by the death sentence imposed recently on Datuk Mokhtar Hashim, the Culture, Youth and Sports Minister, for murdering a political rival.

Datuk Lee, 48, is President of the Malaysian Chinese Association (MCA), the Chinese partner in the Government, and his departure is expected to have considerable impact not only in the Government and MCA, but also in the corporate sector, as the MCA controls several companies, including such prominent listed groups as Multi-Purpose Holdings, Dunlop Estates, Bandar Raya Developments and Magnum Corporation.

BHP axes 641 miners' jobs in Australia

By Michael Thompson-Noel in Sydney

RELATIONS between Australia's new Labor Government and the country's largest company, Broken Hill Proprietary (BHP), deteriorated further yesterday when the company announced the sacking of 641 miners at five collieries in New South Wales.

Senator John Button, Minister for Industry and Commerce, said the sackings were a matter of "deep regret." He has already expressed dissatisfaction with BHP's attitude to its steel workers, whose ranks are thinning rapidly as BHP struggles with mounting steel losses.

At the weekend, the Industries Assistance Commission in Canberra issued a draft report on the Australian steel industry, which recommended higher protection against imports for BHP over a five-year period, but rejected the company's call for immediate tax write-offs

The Government is committed to propping up the Australian steel industry, but its detailed response to the IAC's draft report will not be known for some time.

Protest over arms to Taiwan

PEKING—China said yesterday it has objected to the U.S. over plans to deliver a record $1.6bn (£1.1bn) worth of arms to Taiwan over the next two years.

The Foreign Ministry said the projected sales greatly exceeded the level of U.S. arms deliveries to Taiwan since Peking and Washington established diplomatic relations in 1979. —Reuter

Assam brought to near standstill

BY K. K. SHARMA IN NEW DELHI

STUDENT agitators in Assam brought the north-east Indian state to a virtual standstill yesterday after a call for 24 hours of "total non-co-operation."

The call was made to coincide with the start of the first session of the Assam legislature, elected last month after four weeks of violence and communal strife which left more than 3,000 people dead. The students were challenging the legality of the legislature.

The session began in Gauhati, capital of Assam, where intense patrolling by heavily-armed para-military forces and the army was ordered to try to prevent violence. There were, however, reports of explosions and violence despite tight security.

The legislature was opened by Mr Prakash Mehrotra, the Assam Governor, and this marked the determination of the Indian Government to face the challenge of the students, who are known to have a much greater hold on the people of the state than the Congress (I) Government that took office earlier this month.

The session is expected to last a fortnight.

Mrs Gandhi . . . government stands firm

Sleepy, stable Macao aims to double not quit

BY ROBERT COTTRELL IN HONG KONG

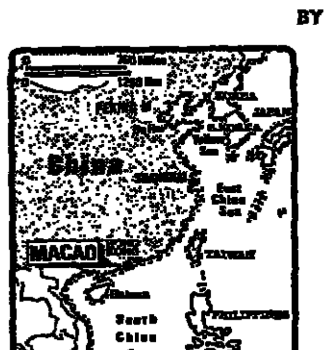
EVERYWHERE in Macao, the builders are at work—even in Government House itself, where walls are being re-plastered and thick green carpets laid. Picking their way through the dusty corridors, Macao's Portuguese administrators look with some satisfaction on the signs of new life stirring in the tiny territory.

Like Hong Kong, which is 45 minutes away by hydrofoil across the Pearl River estuary, Macao is a foreign enclave on the coastline of Southern China. But while Britain gropes its way towards a political accommodation with China over Hong Kong's long-term future, Macao affects no such worries.

The key difference is that most of Hong Kong is held by Britain under a lease which expires in 1997, forcing a formal reconsideration of its status by that date. Portugal and China have an open-ended accommodation over Macao, and both sides seem happy to leave the boat unrocked.

Macao became a Far East trading post for Portugal in the 16th century, and enjoyed its commercial heyday when it was used as a halfway house to China by 19th century British opium traders before the colonisation of Hong Kong.

"Macao has been sleeping for a long time," says one senior administrator. It is no sleeping beauty however. The elegance of its many surviving old wooden buildings is tarnished by dirt and decay. Nor,



unlike China, is it a slumbering giant. Macao's total land area, including the two islands of Taipa and Coloane, is just over 16 sq km.

To the problem of its size at least, Macao has an answer. It has a programme of land reclamation extending both the peninsular territory and its islands to double their present area. A protocol for a 110 hectare reclamation in the peninsula's outer harbour area has been signed with a Chinese joint-venture partner, Sociedade de Construcces e Fomento Predial Macao-Zhuhai. Negotiations are under way with another Chinese group for an adjacent and simultaneous reclamation of similar size in the Areia Preta, which lies to the north of the outer harbour area.

The Chinese group reclaiming the outer harbour is owned 95 per cent by the local authorities of Zhuhai, which is a Chinese special economic zone lying just across the border. The minority stake is held by two Macao businessmen.

The arrangement reached between the Macao Government and Zhuhai is that Macao will pay for the technical studies of the reclamation, and will install its infrastructure, such as communications and drainage, while Zhuhai will supply the labour, equipment and landfill.

Macao will retain part of the land for public facilities such as schools and hospitals, while leasehold interests in the rest will be sold to the private sector. The Government and the company will divide the revenues in proportion to their respective costs until those costs are recouped, after which all future profits will be split on a 50-50 basis.

The outer harbour reclamation will be aimed principally at office and commercial development, the Areia Preta more towards industry. Studies are expected to be completed in September or October, following which detailed contracts will be drawn up within the protocol. The reclamations will be divided into tranches to ease cashflow — earlier tranches to be on the market while later ones are still being completed.

The Macao Government is looking towards a period of 25 years between the start of reclamation work and the letting of the final parcel of land. If the project loses money, the partners will similarly apportion the losses according to costs incurred.

Macao hopes the expanding land area will help its economy to diversify. At present, textiles dominate the manufacturing sector—an area in which competition between producers is intensifying while export markets are becoming increasingly protectionist.

The Macao Government has in mind projects even more ambitious than the harbour reclamation. Feasibility studies are in train for an airport which would probably be built between the islands of Taipa and Coloane. Given total Government revenues of only Patacas 554m (£55m) in 1981, such a project would only be feasible with external finance, and viable only on regional terms rather than in relation to the Macao population of 400,000.

"Our managers know relocation makes sense. But can we count on them coming with us?"

Any move away from London will cut your costs.

Office rent and rates will fall from around £32 per square foot in the West End, to about £6.50 in Peterborough. And you'll make big savings on staff costs, too.

Your managers understand that. But would they be willing to move themselves?

After all, they have nice homes. Their children are in good schools. They enjoy leisure and shopping in London. And they suspect that culture stops at Potters Bar.

So would they want to leave all that? And for what?

"Won't it mean living on an 'executive' estate?"

Not in Peterborough, it won't.

The choice of homes is outstanding—in the city, in its old and new neighbourhoods, and in the many stone built villages and small country towns nearby. Homes of all ages and periods from ultra-modern to Tudor, in all sizes, but all at much more attractive prices than around London.

Stamford, 20 minutes drive away, is a Georgian gem. Oundle is almost as near. Both have hundreds of period houses.

And you can have time to choose, because a house to rent while you look around is guaranteed. So is a house to rent or buy for all the staff you bring with you or recruit later.

"Fewer shops, less choice, higher prices?"

In Peterborough the opposite is true.

First, there's Queensgate, judged Europe's finest new shopping centre. It has a magnificent John Lewis, five other major stores, 80 smaller shops, a bus station and parking for 2,000 cars.

It's right in the heart of the city, surrounded by hundreds of other shops and stores, and Peterborough's lively charter market.

It adds up to one of England's finest city centres, set against the backdrop of Peterborough's magnificent cathedral.

"What about golf?"

In Peterborough we have three golf courses, one designed by Peter Allis and Dave Thomas.

The River Nene offers England's best coarse fishing, as well as sailing and cruising.

There are new sports centres, swimming pools and hundreds of pitches for sport of every kind.

We have England's biggest ice rink. And opening soon is a 22 court tennis and badminton college, a 1,000 metre rowing course, and a city centre snooker hall.

Horse-lovers can ride miles of bridleway and country routes. There's hunting with the Fitzwilliam and the Quorn, and Burghley Trials are held just up the road.

The huge East of England Showground holds its annual round of national shows and rallies.

Nene Park reaches into the city centre. Its 2,000 acres of countryside offers cycling, walking, picnics and adventure play. On its 130 acres of lakes you can sail, wind-surf or row. And Nene Valley Steam Railway, scene of many TV programmes and home of Thomas the Tank Engine, runs right through the Park.

"Won't people miss the West End?"

We doubt it. For two reasons.

First, because Peterborough is just 50 minutes by train from London—closer in time than Tunbridge Wells. There are over 30 trains a day each way, from early morning to past midnight.

And second, because Peterborough has its own star attractions.

The riverside Key Theatre hosts London companies including the RSC. National orchestras, jazz and chamber groups play in the city—and Peterborough Festival of Country Music is a big international event.

There are scores of restaurants and eating places serving excellent English and Continental dishes, in manor houses and hotels, in pubs and night-clubs, in city and country.

"Won't our children's education suffer?"

Cambridgeshire's schools compare with the best in Britain. Its pioneering village colleges and community schools are centres of learning and recreation for children and for parents.

In the independent sector, there's an excellent local choice—in Peterborough, in Stamford, in Oundle—and Cambridge is only 30 miles away.

Peterborough Technical College has over 6,000 students on courses covering business management, computer and professional studies, academic, craft and technical subjects.

There is much more that we can tell you about Peterborough. It's a superbly equipped regional centre with strong, stable character, and a population of 120,000. The facts are all in our Information Pack.

For your copy telephone John Bouldin on Peterborough (0733) 68931. Or send the coupon to Peterborough Development Corporation, Touthill Close, Peterborough PE1 1UJ. (Telex: 32825).

Please send me the full Information Pack.

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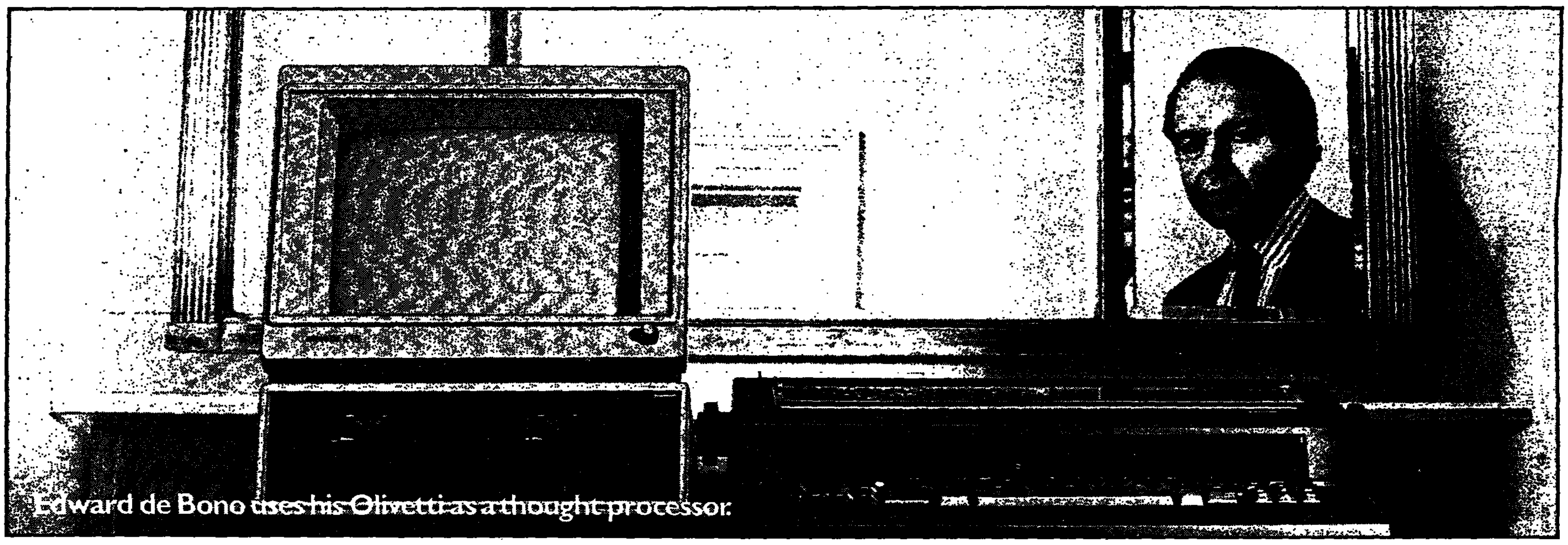
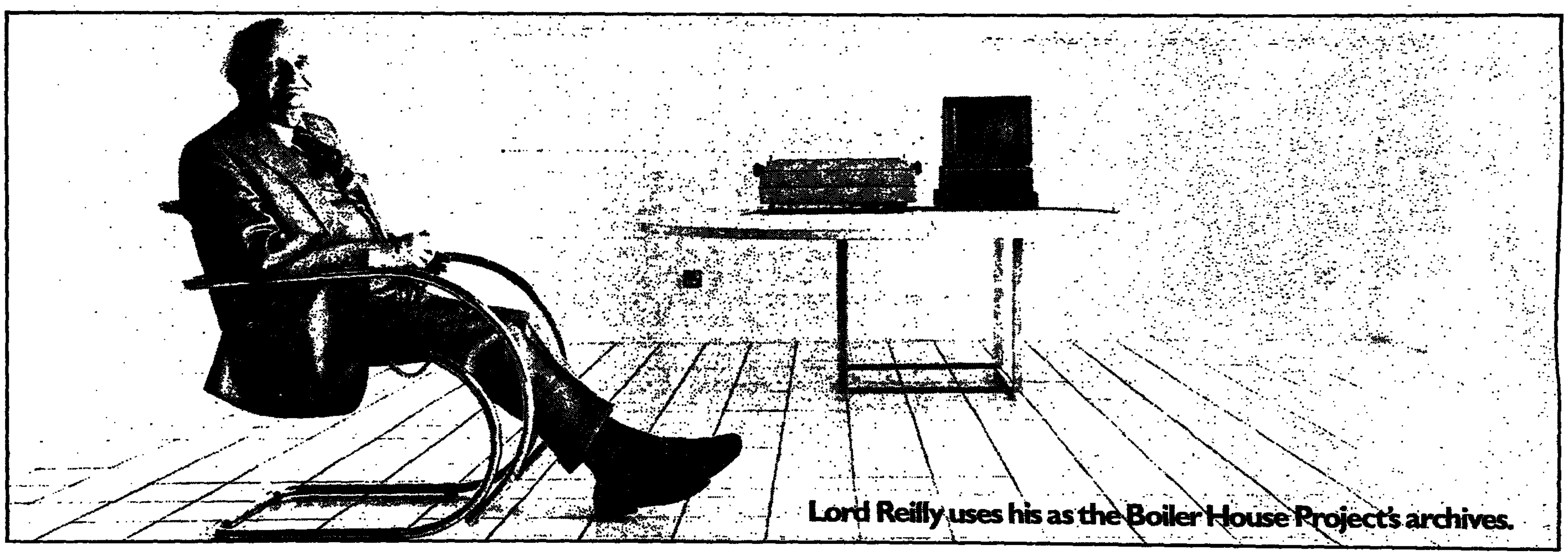
the Peterborough Effect

It works for people. As well as business.

What our word processors do in their spare time.



Edward de Bono uses his Olivetti as a thought processor.



Lord Reilly uses his as the Boiler House Project's archives.

Kingsley Amis uses his as a dictionar

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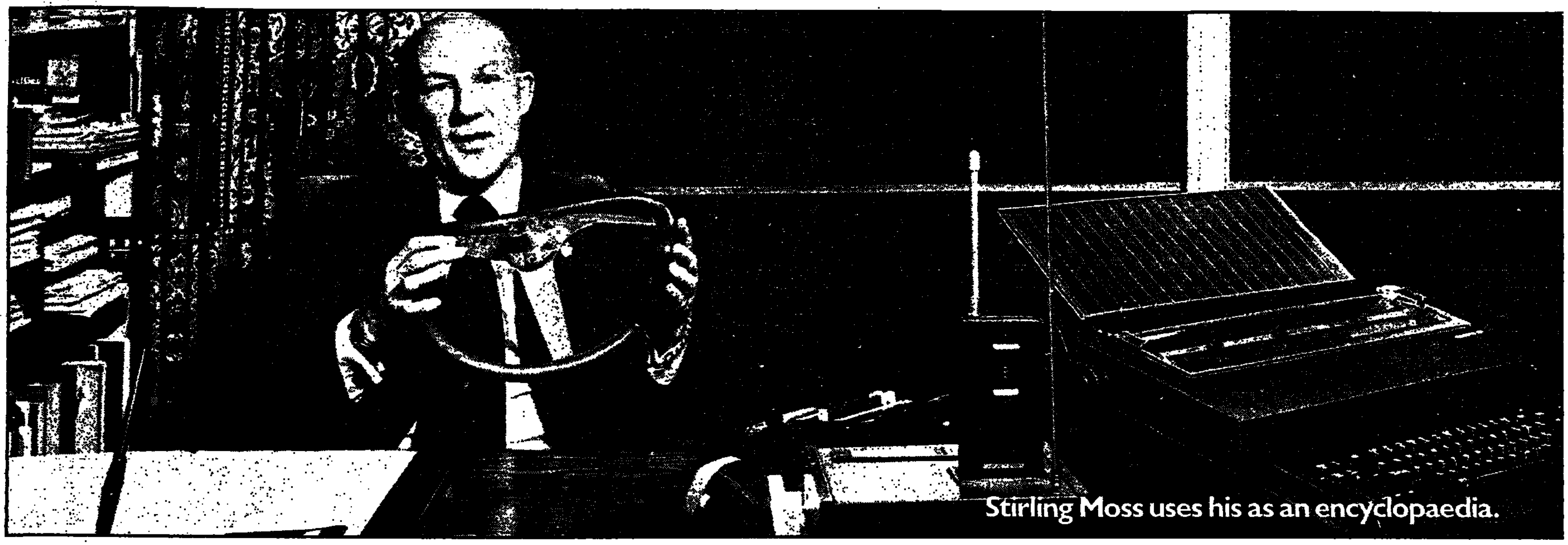


Stirling Moss uses his as an encyclopaedia.

You may have read somewhere that we humans only use one tenth of our brains.

Goodness knows why. But it must be catching.

Because it seems we only use a quarter of our word processors' brains, too.

According to research, people use our machines mainly for cut and paste jobs on long documents.

For personalising standard letters, centring headings, numbering paragraphs, that sort of thing.

But what are their hidden talents?

We asked four of our customers to tell you how they bring out the best in their Olivettis.

Processing ideas.

According to Edward de Bono, it's the very name 'word processor' which limits our vision.

You'd get a lot more out of our machines if you called them 'thought processors' and used them for solving problems.

Say, for example, a corporation asked you to help reduce illegal parking in city centres.

You type into your Olivetti 'thought processor' every random thought about the problem. Crazy and sane. From traffic statistics to the sort of shops car owners visit.

You freeze this list on one half of the visual display screen, then refine it on the bottom half, a technique called windowing unique to Olivetti.

(There's no need to limit your imagination; you can scroll both halves of the screen to accommodate even the most prolific minds.)

Next you can clear the top half of the screen and expand your short list, possibly using our automatic paragraph numbering with six different sub-divisions (numbers, letters, roman numerals, etc.).

Hopefully the wood will begin to show clearly through the trees and you may end up with a classical de Bono shaft of light.

For example, drivers can park anywhere they want so long as they leave their headlamps burning. Good idea? Ask your word processor.

Dyslectic typing.

"From time to time my typing suffers from dyslexia," confesses Kingsley Amis.

"Usually it produces the sort of literal that infuriates publishers.

But once it added gratuitously to my reputation as an anagrammatical wit.

In an article on Graham Greene's 'The Power and the Glory', about the travails of a whisky priest, my fingers and my typewriter conspired to write 'The prist is a bad priset'.

All of which is behind me. I now have the Olivetti 'spelling disk'.

I'm told it holds some 80,000 words with space for a further 30,000 of one's own particular terminology.

It will literally proof-read my manuscripts, high-lighting any word misspelt or letters transcribed, so I can then correct them."

(If you have a word on the tip of your tongue you can also ask the machine to show you on the screen every word that begins with, say, TRA, and the dictionary will roll before you like the credits of a film.)

On the boil.

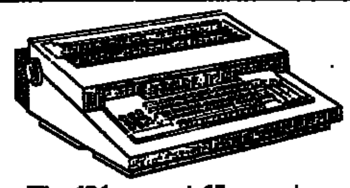
One of the exhibits in the Museum of Modern Art, New York, is an Olivetti portable typewriter.

In the Boiler House Project at the Victoria and Albert Museum there's one of our 1010 Word Processors.

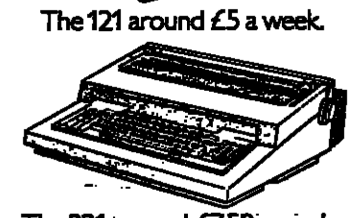
Not on show. At work.

It's the nucleus of their archives. The origins of a huge data base.

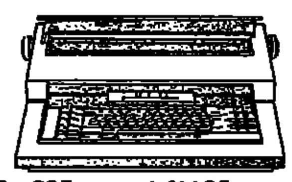
The Boiler House Project will include a comprehensive history of 20th century design and feature many of its outstanding examples.



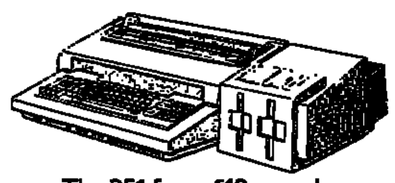
The 121 around £5 a week.



The 221 around £7.50 a week.

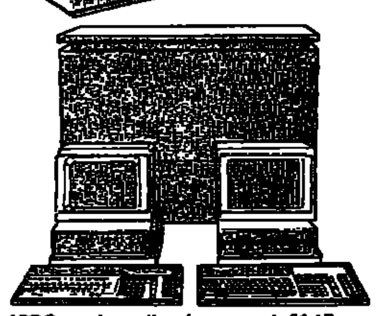


The 225 around £16.25 a week.



The 351 from £18 a week.

The 1010 around £30 a week.



The 1020 as described, around £145 a week.

Instead of toiling through reference books you'll sit in front of one of our visual display units and call up all the information you need.

The Olivetti 1010 will not only give you access to all relevant design experience (as well as the marketing and accounting aspects of it) it will print it for you, so you won't have to take notes.

All within minutes rather than months.

Researchers accustomed to the Bloomsbury Reading Room will simply have to find somewhere else to spend the winter.

Gathering no moss.

When we heard that Stirling Moss uses one of our machines, we hoped that it would be our ETS 1010 which, in addition to the other talents we've described, does five function maths.

Knowing that Stirling is on the Board of several companies, we envisaged him working out percentages and doing rudimentary ledger work.

But as it happens, he has one of our smaller word processors, the 351 with an external memory store.

On its floppy disks, Stirling Moss keeps a sort of encyclopaedia of motor racing history.

Soon he hopes to have on record every race, driver, circuit, and pit-stop correct to the first twelve places.

His love of technology amounts almost to an addiction. So it's faintly surprising that he doesn't use one other aspect of the 351: with just a small adaption he can use it as a telex machine.

The cost.

You can see little drawings of the Olivetti range with approximate leasing costs above.

It starts with electronic typewriters which store a few lines of type and ends with the centralised filing system that can hold the entire works of Shakespeare.

The good thing is that you can upgrade most of the smaller machines so you can choose one with a fairly modest starting price and enlarge it later.

The coupon below will bring our brochures winging to you.

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BLeB

Bignone breaks the foreign policy rules

BY JIMMY BURNS IN BUENOS AIRES

AS Gen Alexander Haig, the former U.S. Secretary of State, found out to his cost during last year's Falklands crisis, the one problem with Argentine foreign policy is that you are never really sure who is running it. Two weeks ago Argentina's parallel diplomacy—or multiple diplomacy as some local observers put it—reared its head again with a vengeance.

In his main speech before the Non-Aligned summit in New Delhi, President Reynaldo Bignone condemned South African apartheid, praised Cuba's President Fidel Castro, invoked the Palestinian cause, and implicitly stated his support for the plight of revolutionary movements in Central America by claiming the crisis there was a product of "social injustice." "My country does not accept a world view that reduces everything to a permanent ideological and military conflict between East and West," he summarised.

Back in Buenos Aires, a local magazine printed a cartoon showing a meeting between President Bignone, the Non-Aligned Movement's president, Mrs Indira Gandhi, and ET. "Bignone, phone home," advised the warm little monster from outer space.

A high-ranking naval officer commented: "If we had our way, Bignone should be sacked immediately on his return." Within the army and air force, other officers were also furious. The Public Information Service, the media watchdog representing all three services, censored out a piece of Argentine TV film of Gen Bignone's meetings with President Castro and Mr Yassir Arafat, the Palestinian leader in New Delhi.

At the highest level of the military junta, there was reportedly a firm conviction that Gen Bignone had broken a sacred military rule by making a speech on the advice of the civilian Foreign Ministry, traditionally regarded as a mere instrument of the military.

Gen Bignone's speech was the most outspoken assertion of Argentine non-alignment made by any Argentine President since the Second World War when Gen Juan Peron adopted the "third position" doctrine. Gen Peron reasserted Argentina's traditional neutralism and defined a radical independence from both the Soviet Union and the U.S.

Much water has flowed under the bridge of Argentine foreign policy since Gen Peron's first Presidency, not least the changing nature of Argentine military governments. By assuming part of the rhetoric of Gen Peron, President Bignone has publicly contradicted the basic world view which sustained the military regime when it took power in 1976.

On that day the "third world war" between Western Christian values and Communism was produced as a raison d'être for the ensuing repression of the country's Left-wing guerrilla movements and anyone judged to be remotely sympathetic to them. The "crusade" extended beyond Argentina's frontiers to include backing for a Bolivian military coup in 1980 and the sending of advisers to El Salvador.

The one joker in the pack of Argentine foreign policy over the past seven years has been the Soviet Union. Moscow has made sure that Argentine military officers and diplomats have turned a blind eye by itself remaining mute at the United Nations on Argentine human rights violations. It also has key economic importance as the main purchaser of Argentine grain.

The rest of the Argentine military's sacred values were turned upside down by the Falklands war, and Gen Bignone's speech was in part a reflection of this. Argentina's confrontation with a Western power and its adoption of the anti-colonialist flag to justify its claim to the islands forced the military regime into links which were hitherto taboo. Sr Nicanor Costa Mendes, then the Foreign Minister, hugged President Castro in Havana, and Gen Galtieri, then President, sent Col Muammer Gadaffi of Libya an Argentine stallion. But for all its scymbols, the U-turn in Argentina's view of the world has remained ripe with contradictions.

The rhetoric has not been matched, for instance, with any substantial progress in breaking Argentina's dependence on the West. Its foreign debt is still tied to U.S. and British banks, and Europe has re-established itself as a leading trading partner and investor.

The peculiar vested interests of military officers have also continued to equal and often outflank the lines drawn by civilian diplomats in their restructuring of the country's foreign policy.

Recently Gen Edgardo Calvi, the army Chief of Staff publicly reiterated the strong ties of friendship that still exist between the Argentine and South African armed forces and resurrected the concept of the South Atlantic pact—the theoretical agreement which binds the two countries in a common defence of the ocean.

The Foreign Ministry's rapprochement with Arab states has extended to the Palestine Liberation Organisation (PLO). But the Argentine army and air force have built strong ties with the Israelis. Tel Aviv reportedly has become one of the main sources for second hand Soviet military equipment and first hand Dagger fighter aircraft.

Recent reports from Central America suggest that Argentine military advisers are continuing to play to key role in the running of the Honduras army and police and the training of Right-wing Nicaraguan exiles. This violates the new relationship struck up by Argentina's foreign ministry with the Left-wing Nicaraguan Government during January's meeting of the Non-Aligned Foreign Ministers in Managua.

By choosing to go personally to the Non-aligned summit, Gen Bignone had hoped to underline the priority status which the Falklands issue still has in Argentine foreign policy. The aim—which was achieved—was to gather broad backing for an early resumption of negotiations with Britain on the future of the islands.

Privately, Argentine diplomats had insisted for several weeks that a categorical statement of non-alignment was necessary for Argentina to counterbalance successfully the intense lobbying carried out by Britain among the English-speaking African states. Gen Bignone's speech was thus opportunistic rather than ideological.

Such a view has clearly not been shared by members of the armed forces and events in New Delhi have thus been allowed to add to the uncertainty in the country's already highly-charged political atmosphere.

In Gen Bignone's favour is the support of the two major political parties, the Peronists and the Radicals. They have warmly welcomed the New Delhi speech as a faithful reflection of their own "anti-imperialist" sentiments, while urging the President to turn his views into something more tangible.

Said a veteran of the Argentine Foreign Ministry: "There won't be any cohesion in Argentine foreign policy until the military go and we have a democratic government."

Argentina reduces interest arrears

By Peter Montagnon

ARGENTINA IS rapidly bringing interest arrears on its public sector foreign debt up to date in order to pave the way for completion of a \$1.5bn (£1bn) loan from commercial banks.

Senior Argentine officials attending the Inter-American Development Bank annual meeting in Panama City, said that about \$200m-\$250m in back interest from December has been paid over the past two weeks. The authorities have now authorised payment on almost \$250m in back interest from January.

A prior condition of the loan is that Argentina be up to date with all interest payments at the time of disbursement. The country's economic stabilisation programme with the International Monetary Fund also specifies that debt servicing be current by June 30.

Commercial banks were yesterday due to present Argentina with a draft copy of the \$1.5bn loan agreement. The draft is still subject to negotiation but officials hope the loan can be signed in the second half of April.

Talks on the legal conditions of the \$1.5bn loan have proved difficult

Argentina also still has to reach agreement with bank creditors on the refinancing of some \$1.4bn in short-term private sector debt.

IDB chief urges concerted effort to aid Latin America

BY PETER MONTAGNON IN PANAMA CITY

THE president of the Inter-American Development Bank, Sr Antonio Ortiz Mena, called yesterday for a concerted international initiative to revive the flagging economies of Latin America.

Over the past two years, the recession has meant a loss of combined gross national products of the region of \$102bn (£68bn) compared with its previous long-term growth trend, he told the bank's annual meeting.

At the same time, the region's balance of payments deficit is still running at high levels, although it fell last year to \$33bn from \$37.4bn in 1981.

Latin American countries, thus, have had to curtail sharply their imports from the industrialised world. U.S. exports to Latin America fell by 23 per cent last year, their largest annual decline since the war.

Sr Ortiz Mena suggested that it was, therefore, in the common international interest for the region's growth to be revived through a restoration of net financial flows.

"An alternative approach, which would see us attacking our present problems by recourse to autarchic and protectionist policies, has little appeal.

"It could entail not only intolerable sacrifices of economic and social well-being, but also threaten the very survival of our present system of international co-operation and co-existence," he said.

But there was also a need for a major re-adjustment of Latin American economies, which in a number of cases would involve restraining aggregate monetary demand while stimulating productive industry. The region's governments should take care to ensure that the social costs of such policies were spread fairly.

"It is urgent for each country to review critically the content and direction of its public investment programmes and of its policies to encourage private investment," he continued.

This will help identifying those priority undertakings with maximum impact on employment, growth and help in overcoming balance of payments deficits.

As part of this radical revision of long-term development policies, Latin American countries should also place more emphasis on boosting trade within the region, particularly in Central America, he added.

IMF 'should be free to tap private markets'

BY WILLIAM HALL IN NEW YORK

THE International Monetary Fund (IMF) may need an extra \$9bn (£6bn) over the next 12 month, and for this reason should be permitted to tap the private financial markets for the first time, according to a study prepared by the Group of 30.

The IMF has never borrowed from the private markets but the study prepared by the group, an influential team of central bankers, bankers and academic economists, argues that the IMF should prepare to make an early entry into the commercial markets for relatively small sums to pave the way for the rapid mobilisation of larger amounts in case of sudden need.

Although there is nothing in the IMF's articles of agreement preventing it from borrowing in the private markets, IMF members have been reluctant to sanction such a move because they fear it would change the character of the fund.

The Group of 30 study recommending that the IMF should be permitted to borrow has been prepared by a distinguished group of bankers.

These include Dr Johannes Witteveen, the former managing director of the IMF, Mr C. W. McMahon, deputy governor of the Bank of England, Mr Alexandre Lamfalussy, economic adviser of the Bank of International Settlements, and Dr Otto Emminger, the former president of West Germany's Bundesbank.

The study examines the various ways the IMF could borrow. These include taking short-term deposits from banks or arranging lines of cerdit with banks in key financial centres; issuing short-term obligations such as commercial paper; and tapping the international bond and syndicated credit markets.

Initially, it might be advisable for the fund to concentrate on the international bank loan market where funds are obtainable in larger amounts than on the interantional bond market and where the IMF's special status is more readily understood by the professional banking community.

The study says that quota subscriptions by the IMF's 146-member countries should remain the basic source of the IMF's funds. The study estimates that the IMF's quota resources available for lending amount to SDR 15bn (£9bn) and agreed undisbursed lines of credit amount to SDR 9bn.

Against this, the IMF's undisbursed committments under standby and extended arrangements are estimated at about SDR 16bn.

It estimates that some SDR 7bn of this was due to be financed from the fund's quota resources, reducin gthe amount still available from this source for new lending to SDR 8bn, an dthat a further SDR 9bn was due to be financed from borrowed resources, reducing the total available to zero.

It notes that undrawn lines of credit under the General Agreement to Borrow (GAB) totalled SDR 6bn. But it is clear that not all these lines of credit could be utilised at the same time and at present are restricted to use by participants in the agreement.

Japan fears politics will dominate May 28 summit

BY ALAN FRIEDMAN

THE JAPANESE Government and some European officials are becoming concerned that the forthcoming Williamsburg, Virginia, economic summit on May 28 might be dominated by a debate over East-West economic relations and a new Reagan Administration initiative to restrict the sale of oil and gas technology to the Soviet Union.

According to Japanese Government officials, the Reagan Administration is proposing that the two-day summit devote 50 per cent of its working time to East-West affairs. The Japanese, in particular, are worried that the summit could degenerate into a political rather than a financial meeting.

The U.S. agenda calls for discussion of two broad areas—the macroeconomic situation, and East-West affairs. Under the first heading, it is expected the summit will deal with policies to aid a world economic recovery and a review of the state of the international monetary system.

This would take in the state of multinational organisations such as the International Monetary Fund, the World Bank, Unctad and Gatt, as well as energy matters.

The Japanese are only willing to spend "a maximum of 20 per cent of the summit" on East-West affairs, but fear the U.S. Government will insist on spending more time to persuade its allies to tighten the flow of oil and gas equipment to the East-bloc.

They also expect a Reagan initiative on energy matters, which could include an examination by the International Energy Agency (IEA) of ways to restrict technology flows to the Soviet Union.

Ruckelshaus to head environmental agency

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan yesterday appointed Mr William Ruckelshaus to head the troubled Environmental Protection Agency, for months the centre of raging political controversy in Washington.

Mr Ruckelshaus, who was the Agency's first administrator, replaces Mrs Anne Burford, who resigned under pressure two weeks ago.

The Agency has been racked with accusations of mismanagement, dubious personnel policies, and of being too friendly with big business.

Mr Reagan has been embarrassed by the controversy, as the Agency has become a symbol both of his environmental policies and of his attitude to big business in general. By appointing the respected Mr Ruckelshaus, he hopes both to restore strong management and improve the Agency's image.

Mr Ruckelshaus, now a senior vice-president of Weyerhauser, a major lumber and paper company based in Tacoma, Washington, was the Agency's administrator from 1960 to 1973.

CONTRACTS

British firm to clean Iraqi airport

PRITCHARD SERVICES GROUP, London, has been awarded an £8m three-year cleaning and maintenance contract at the new Saddam International Airport in Baghdad, Iraq. The contract involves continuous cleaning and maintenance of the entire airport complex on a 24 hours-a-day, seven days-a-week basis. It covers offices, shops, 25 catering areas, check-in desks, concession areas, banks, staff accommodation and rest rooms, and includes internal and external window cleaning and the provision of full-time toilet attendants.

★

DOW-MAC CONCRETE has been awarded a batch of contracts worth £1.2m. Conder Midlands has placed an order for a £600,000 multi-storey park of 600 spaces at the Isaac Newton Centre Development at Grantham on behalf of Morrison Developments. Dow-Mac has also been commissioned by Deacon Construction to build a multi-storey car park worth £160,000 with 126 spaces alongside a Waitrose supermarket at Sevenoaks for Frazerwood Development.

An office building is to be built in Cambridge under a £130,000 contract, placed by R. G. Carter (Thetford) for Marshalls of Cambridge. It will form part of a complex designed to convert TriStar aircraft into bulk carriers for the RAF. An industrial warehouse costing £300,000 at Tottenham has been ordered by Whittingham Construction for Courtney Pope.

★

£7m work for Rosser and Russell

Building services engineers, the **ROSSER AND RUSSELL GROUP** has won nearly £7m worth of business. Contracts include Clacton Hospital phase-one (valued at £590,000), Lewisham Hospital phase-one B (£420,000), Hammersmith Hospital (£200,000), Luton and Dunstable (£164,000) and Lady Chichester Hospital, Hove (£97,000), plus University College Hospital Pharmacy (£37,000). Work for Commercial Union at 1, Moorgate, EC2, is worth £1.7m. Other work includes a £214,000 contract for the Old Vic; a £195,000 contract at the Marlow Theatre, Canterbury; and an £89,000 contract at St Paul's Girls' School theatre.

★

W. E. CHIVERS AND SONS has been awarded two contracts for work on leisure centres at Camberley and Bath. The contract at Camberley is worth £1.5m and involves the construction of swimming pools, sports hall, squash courts, training areas, changing rooms, bar, plant rooms, services and administrative accommodation at the Camberley Leisure Centre. The client is Surrey Heath Borough Council. Chivers has also won a contract worth almost £500,000 to construct a swimming pool at the Bath Sports and Leisure Centre for Bath City Council.

★

COURTAULDS ENGINEERING has been awarded overall project responsibility for Cadbury's creme units plant which is currently under construction at its Bournville factory in Birmingham. The contract, valued at £5.2m, is due for completion this year.

★

PRIAM (EUROPE), Reading, has signed a $6m (£4m) contract with Philips Data Systems, Eiserfeld, West Germany. Under the two-year contract, Priam will supply its 3450 (35 Megabyte), and 7050 (70 Megabyte) high performance eight-inch Winchester disc drives for use mainly in Philips storage subsystems within the P4000 business computers.

★

Export orders worth over £3.5m have been won by the Staines-based computer peripherals maker, **NEWBURY DATA RECORDING**, following the decision to double the size of its German subsidiary. The orders, from Computer Technik Mueller of Konstanz, Cologne systems house Logis, and a third German computer company, were for a total of 1,250 cartridge module drives.

★

The Dairy Marketing Board in Zimbabwe has bought 36 6x4 DAF trucks worth 10m guilders (£2.21m) which will be used to transport milk. The board is the government agency responsible for the distribution of the milk throughout Zimbabwe and operates over 100 DAFs. The purchase of the trucks forms part of a larger Zimbabwean dairy produce project under which milk will be stored in cooling tanks for collection at the farms. The Norwegian Government is making available 400 cooling tanks, each with a capacity of about 4,000 litres, under its development co-operation programme. The Dutch Ministry of Development Co-operation is to pay half the purchase price of the DAF milk trucks. The milk tanks will be supplied by Mueller Europe, of Lichtenvoorde, the main contractor for this order. The tanks have a capacity of 11,000 litres. In Zimbabwe the milk tankers will draw trailers carrying milk tanks, also with a capacity of 11,000 litres. These trailers and their tanks will be built locally.

★

SERCK CONTROLS, a member of the BTR Group, has been awarded a £1.75m contract for the Central Luconia SCADA (Supervisory Control and Data Acquisition) system by Sarawak Shell Berhad. The Central Luconia gas field is in the South China Sea off the Sarawak coast and has been developed by Shell as part of a production sharing agreement with Petronas, the Malaysian national oil company. There are initially two offshore complexes, the gas from which will be piped onshore to feed a gas liquefaction plant at Bintulu. Engineers and computer specialists from both Petronas and Sarawak Shell Berhad are participating in the development of the system. The SCADA system will provide remote control of key operational parameters, monitoring of plant status, remote plant shutdown, acquisition and storage of online data, and recording of routine reports for production, reservoir and maintenance engineers.

★

A £1.7m contract for a computer system to record administrative details of patients in seven District Health Authority areas in the North West Thames Region has been awarded to ICL. In addition to replacing the existing machine at Charing Cross Hospital in Hammersmith and Fulham Health District, the Regional Health Authority has advanced its plans to instal computers to run patient administration systems in North Bedfordshire, North West Hertfordshire, South West Hertfordshire, Barnet, Brent and Victoria Health Authorities.

★

The **CAPITAL CHAPMAN GROUP** has a £1.5m design and build contract with Waverley District Council for 52 elderly persons' flats on land at Lion Mead, Haslemere, Surrey.

★

Burtons Gold Medal Biscuits has placed orders with the biscuit division of **SIMON-VICARS** (a Simon Food Engineering company), Newton-le-Willows, for two complete biscuit plants worth together over £1.5m. The plants are to be installed in the Llantarnam, South Wales, factory. One is for the production of the famous Wagon Wheels biscuit, at 1,000 sandwiches a minute, and the other is a major plant for traditional biscuits. Both plants are scheduled for completion this year.

★

ICL has signed a £1.4m contract with Evans Products Company of Portland, Oregon, to supply System 25 retail application systems, which will run ICL's Handi 25 home improvement and building materials package. Evans Products will mainly use the equipment for in-store controlling and processing in selected locations throughout its 348-store chain.

★

A £1m contract for supply of commercial refrigerated display cases to Saudi Arabia over the next five years has been signed in Glasgow. Mr William Nicol, great-grandson of the founder of the family firm of **CRAIG-NICOL**, signed the contract with Sheik Saeed O Sager, managing director of Sager International Company of Saudi Arabia. The equipment will be used in food stores, supermarkets, restaurants and works canteens.

★

A contract valued at £800,000 has been awarded to **HONEYWELL CONTROL SYSTEMS** by Bechtel (GB), for a TDC 2000 process management system for use on Mobil's Beryl "B" offshore platform. The supply of a 4500 computer is included in the contract.

★

J.M. Jones wins £7m order

J. M. JONES AND SONS has won a batch of contracts worth over £7m. The largest contract, worth £1.4m, is for a five-storey library extension at the University of Reading. Other work includes a £1m contract for Barjac Developments to build offices with car parking beneath in West Drayton, two contracts awarded by Markham Developments, one for £722,000 to build an industrial warehouse development, and the other, for £694,700, to build a bus depot for Alder Valley Bus Company; and an extension to a telephone exchange and associated external works for British Telecom and the Property Services Agency under a £797,959 contract.

★

WARINGS CONTRACTORS has been awarded a £2.5m contract to build the Southern Water Authority headquarters at Otterbourne, near Southampton. The building at Waterworks Road will be a two and three-storey construction occupying 40,000 sq ft. Work has started for completion at the end of April 1984. The building will have a reinforced concrete frame structure with the external walls clad in aluminium curtain walling and brickwork. Work will include a road extension, car parks, services yeard, pavings, footpaths, landscaping and planting.

WORLD TRADE NEWS

Iraq boom ends for Jordanians

By Patrick Cockburn in Amman

JORDAN's previously booming export and transit trade with Iraq is being badly hit by Baghdad's cut in imports. Local manufacturing companies, which invested in new plant, and trucking companies are now in difficulty because of the decline in business.

After Iraq lost the use of its own port of Basra at the start of the Iran-Iraq war it began to increase rapidly its use of Aqaba on the Red Sea. Imports through Aqaba grew from 3m tonnes in 1980 to almost 8m tonnes last year. And some 38 per cent of Jordan's domestic exports were going to Iraq.

The long highway which linked Aqaba to Baghdad has begun to fall apart under the impact of trucks which in the past were often over-loaded by up to 50 to 100 per cent. In theory the Iraqis are to pay for a major new highway, but work on this has only just started.

Many Jordanian businesses entered trucking on the back of the transit trade to Baghdad. "You suddenly had an influx of Mercedes trucks driven by Filipinos," says one diplomat. The state-owned Jordan-Iraqi Land Transport Company, set up in 1980 and the owner of 750 trucks, last week announced a profit of $40m.

Walter Ellis reports on the background to a submarine order from Taiwan

Dutch get into deep water with both Chinas

THE PEOPLE'S Republic of China, since opening for business under the post-Mao leadership of Den Xiao Ping, in the opinion of many anxious businessmen has still to put its money where its mouth is in terms of trade.

Its diminutive alter ego, the Republic of China — better known as Taiwan—has no such qualms and is currently in the front rank of smaller trading nations. Mainland China, however, reserves a special place in its demonology for Taiwan, and this detestation has for the past two years come to touch on the Netherlands, which trades with Taiwan with a determined and, some would say, reckless abandon.

In 1981, Taiwan ordered two submarines for its navy from Wilton Fijenoord, part of the RSV shipbuilding group. The order was controversial and immediately drew fire from Peking. The Netherlands was told that relations between the two countries were to be reduced to charge d'affaires level and, on the trade front, Royal Dutch Shell was told to stop work on its search for oil in China's Shanxi province. Chinese ships began a boycott of Dutch ports.

It would be too much to say that the Dutch Government was unmoved. It was not prepared, however, to force RSV to cancel the project — which was worth $500m — and the Dutch and Chinese ambassadors and most of their respective staffs duly returned home. The Hague protested that a commercial deal, even involving military weapons, did not imply its recognition of Taipei, but Peking felt otherwise.

For the Netherlands the affair presented a dilemma. On the one hand, as an active trading nation faced with international recession, it could not afford to turn away business with a dynamic partner like Taiwan. On the other, it did not want to blight its long-term trading interests by alienating the world's most populous, and potentially richest, nation.

To some extent, events have since conspired against this dual purpose. Trade between the Dutch and the Taiwanese is flourishing, and there have been strong hints from Taiwan recently of an additional sweetner of Fl 50m (£12.5m) in orders for Dutch industry this year if only Wilton Fijenoord will come up with the submarines, as contracted, in spite of the financial difficulties at RSV.

Commenting on recent remarks by Mr Ruud Lubbers, the Dutch Premier, to the effect that the submarine deal is a purely commercial matter and that Taiwan, if it wants the vessels delivered, must come up with the money itself, Free China Weekly observes:

"The Prime Minister is now

Mr Ruud Lubbers: a purely commercial matter

saying that the submarines deal is nothing to do with the Government, which is not quite true . . . should the Dutch want to get out of (the deal), they should do so honourably and openly and not by evasion."

Wilton Fijenoord, it should be said, is only too anxious to produce the goods but is severely hampered by the fact its parent company has spent the Fl 260m advanced by Taiwan in 1981 on a failed coal-mining project in the U.S.

Mr Lubbers has rejected all appeals for state assistance—that would be too overtly political as well as expensive—but is at the same time unwilling to see a possible 1,500 men at the yard lose their jobs. He is hoping for a purely commercial rescue, even if that meant participation in Wilton Fijenoord by Taiwan, he would almost certainly not obstruct.

The ambiguity—hotly denied in the Hague—of the Netherland's links with Taiwan is currently best displayed by a new air service due to start next month between Amsterdam-Schiphol and Taipei. The Dutch end of the route is registered in the name of Martinair, an independent airline, but is to be run, inaugurally at least, by KLM, the state carrier. Taiwan has always claimed that KLM is a contracting party to the deal (it owns 49 per cent of Martinair). KLM replies that its involvement is "a purely technical, administrative affair," while the Government avers that its "one China" policy is not altered by a commercial deal between two companies, China Airlines and Martinair.

Once again, Taipei sees things differently. The new route will be the first direct, scheduled air link between Europe and Taiwan and is being pushed by the island Chinese as another step forward in their relations with the West. An official trade delegation armed with cheque books, arrived in Amsterdam last week.

In the less controversial field of day-to-day trade, meanwhile, things are progressing steadily. The first 10 months of 1982 saw Taiwan sell Fl 579m worth of goods to Holland while buying Fl 270m worth in return. This compares with sales to the Dutch in the whole of 1981 worth Fl 805m and purchases of Fl 223m. The imbalance is hefty, and new shipping orders and other contracts with Dutch industry would be extremely welcome in the Netherlands. Imports from Taiwan up to the end of October last year were made up of electronics (Fl 70m), shoes (Fl 50m), Textiles (Fl 50m), toys and sporting goods (Fl 30m), televisions, radios and hi-fi equipment (Fl 40m) and others (Fl 239m).

What is worrying the Dutch (and angering Peking) is the suspicion that Taiwan may be using the Netherlands as a testing ground in its drive for diplomatic recognition. If the Dutch cave in, the theory goes, others might swiftly follow. The Dutch Foreign Ministry is resolute in its protestation of "one China." Not all Dutch businessmen appear to share this view. Not only is there a Taiwanese trade delegation in the Hague, since January there has also been a Dutch trade commission in Taipei. For the Taiwanese the hope—however forlorn—must be that the flag will follow trade.

Pilkington agrees float glass venture with Chinese

BY MARK BAKER IN PEKING

PILKINGTON Brothers yesterday signed a joint venture agreement with the Chinese Government to employ its float glass technology in a new $120m plant in Shanghai.

A licencing agreement is expected to be ratified in several weeks.

Mr Solomon Kay, a company director, said that 40 per cent of the cost of the project would be represented by imported equipment, "a good slice" of which would come from Britain.

Financing arrangements for the project, which have not been disclosed, are being handled by United Development Incorporated, the Hong Kong-based company of international industrial entrepreneur, Mr Shaul Eisenberg.

Pilkington and UDI will each have a 12.5 per cent share in the venture as Shanghai Pilkington Yaohua glass company. The 75 per cent Chinese share will be controlled by the Ministry of Building Materials industry and the Bank of China.

The plant is scheduled to begin operations in 1985-86 and will have an annual saleable capacity of 300,000 tonnes.

After today's signing in the Great Hall of the People, Mr Kay said that, under the licencing arrangements, Pilkington would receive royalties on glass production for an undisclosed period. He said that foreign exchange costs would be met as much as possible from glass exports.

End to row with Moscow

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

PILKINGTON BROTHERS, the UK glass manufacturer, has emerged from a three-year dispute with the Soviet Union over licensing arrangements for float glass with a settlement that it is pledged not to reveal.

The terms of the settlement include a further agreement for what Pilkington calls opaquely "mutually beneficial commercial co-operation." But, again, both sides have pledged not to reveal the nature of the co-operation.

Not only that, Pilkington and the Soviet authorities have decided that they will not describe the nature of their original dispute.

The dispute surfaced in the British Press in August 1981, about 18 months after the two sides had entered what must have been a long and probably costly arbitration in Stockholm.

What seems to have happened is that, in 1967, Pilkington licensed Technopromimport, the Soviet agency for buying foreign equipment and technology to use its patented float glass process in a new factory—just one factory.

Technopromimport interpreted the arrangement liberally. It used the process at 10 other plants as well, but did not pay Pilkington the royalty due on all the production.

U.S. computer retailer to open 40 shops in Europe

BY RAYMOND SNODDY IN LUXEMBOURG

A MAJOR U.S. computer retailer said yesterday he plans to open 40 outlets in Europe, at least 10 of which would be in the UK, by the end of the year.

Mr William Millard, chairman of California-based Computerland, said that the expansion would be part of a major programme to open 250 company outlets throughout the world during the year. Computerland currently has 440 stores, about 300 of them in the U.S.

Mr Millard said Europe was a prime area for growth and would be comparable with Japan.

"I expect the market for personal computers in Europe will explode," he said. The same rates of growth seen in America in the past three years would be seen in Europe. Growth in Britain will be two or three times as fast as the average in Europe because there was "suppressed need" in the UK for a computer retailer specialising in meeting the microcomputer needs of business, education and government.

Computerland had avoided Britain until recently because another company had the same name, but the two Computerland stores now open in Southampton and London were paying off their start-up costs in a matter of months, he claimed

A Computerland franchise fee is usually around 5 per cent of the annual turnover of a store although there is a "special offer" of $25,000 in Europe at the moment. In addition start-up costs of between $200,000 and $400,000 are involved.

For the outlay, the franchisee gets advice, training and the economics of scale involving in buying centrally 3,000 products from around 150 computer manufacturers

Mr Millard says he is surprised that no one has joined him in the international franchising of retail computer stores. Speaking from Computerland's European headquarters he forecast that total group sales would break through the $1bn mark by the end of this year. Since 1977 when sales were $25m the total has doubled every year and reached $465m in 1982.

Venezuelan hurdle to whisky imports

By Kim Fuad in Caracas

IMPORTS OF Scotch whisky by Venezuela, the largest single market in Latin America, will cost at least 40 per cent more as a result of the country's new multiple-tiered exchange control system.

Development Minister Jose Enrique Porras Omaña said Thursday that whisky imports, which are estimated to have been worth almost $72m last year, will now suffer a six Bolivar to the dollar rate, 40 per cent up on the previous 4.30 rate.

Dr Porras said that the Government would issue a list of 500 forbidden imports, ranging from luxury items such as fine jewellery and watches, to furniture and whiteware.

Norway-Soviet trade route reopens

By Fay Gjester in Oslo

A COMPANY based at Kirkenes, near the Norwegian-Soviet border, has re-opened a centuries-old trade route between north Norway and Russia—after a lapse of nearly 70 years.

Cross-border trade with the Russians, known as the Pomor trade, ended in 1916. Virtually all overland exchanges of goods have been routed via third countries—usually Finland.

The company which has revived old traditions is Pomor Nordic Trade. A lorryload of Russian timber — the first of some 200 scheduled for this year—crossed into Norway last week, and in the other direction went lorries carrying 20 tonnes of Norwegian-made salami.

Floor price introduced on Japan's VCR sales to EEC

BY CHARLES SMITH IN TOKYO

JAPAN'S Ministry of International Trade and Industry yesterday implemented a system of "floor prices" for video cassette recorders exported to the EEC, but declined to release details of the arrangement.

MITI took the action after receiving assurances from the EEC Commission that anti-dumping charges made against Japanese exporters were being withdrawn by European VCR manufacturers. MITI also said it had been told that the French Government would end by April 1, at the latest, what it has described as the "harrassment" of Japanese companies shipping VCR sets to France. The expression "harrassment" has been used by Japan to describe the system under which all VCR sets imported into France have had to be cleared through the inland customs post of Poitiers.

MITI's introduction of a floor price system for VCR exports means that Japan is now implementing all the main provisions of an arrangement agreed with the EEC last month for regulating VCR sales in the community. The other parts of the arrangement include "voluntary" restraint by Japan of its VCR exports below a cealing of 4.55m sets in 1983 and a "guarantee" that European manufacturers will be able to sell 1.2m sets within the Community markets.

EEC officials are to meet their opposite numbers at MITI at regular intervals to monitor the operation of the export restraint agreement. The first such meeting is expected to be held in April.

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UK NEWS

Thatcher sets deadline for EEC budget rebates

BY GILES MERRITT AND LARRY KLINGER IN BRUSSELS

MRS MARGARET THATCHER, the British Prime Minister yesterday opened a spring campaign over Britain's EEC budget problem with a warning to other European Community heads of government that they must agree on new cash rebates for the UK by early June.

She made no threat on what would happen if they refused, but her reasoned intervention on the first day of the EEC summit highlighted her growing concern that Britain's partners were dragging their feet on the budget issue.

She pointed out that they had agreed last November to reduce the UK's payments to Brussels in 1983 and beyond, but since then the European Commission had not even produced a detailed proposal.

After alerting her colleagues to the fact that a general election was looming in the UK, Mrs Thatcher's statement brought a procedural dividend in the shape of a request by the summit for Commission proposals as soon as possible after Easter.

These should provide for a short-term arrangement easing Britain's budget burden – which could be well over £1bn this year – until the problem is permanently resolved through reform of the EEC's budget and agreement on a new system for financing it.

Mrs Thatcher's strategy is to secure a quick negotiation on another short-term deal which will start in parallel with negotiations for long-term budget reform.

The importance of the June deadline is that any rebates agreed for the UK could be written into the draft 1984 EEC budget and thus avoid the risk of a supplementary budget later in the year falling foul of the European Parliament.

Britain's output goes up by 1 per cent

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

BRITAIN's output rose by 1 per cent last year, according to the latest official estimate, published yesterday. This is slightly better than the Treasury's estimate published at the time of the budget.

This suggested a rise of about 0.7 per cent compared with the previous year's level.

The figures for the final three months of 1982 show that the average of the three measures of Gross Domestic Product (GDP) was 1½ per cent higher than in the same period a year earlier, and 2½ per cent higher than in the third quarter of 1981, the nadir activity in the present recession.

The Central Statistical Office, which published the figures, cautioned, however, that as much as ½ percentage point of the improvement could be attributed to the favourable balance of trade in the last three months of 1982. This boosted the expenditure measure of GDP more than the output measure.

Theoretically these two measures should be the same, and the output measure is generally considered more reliable for estimating short term movements.

The figures show that in money terms, total national income, theoretically also equal to national output, rose by 9 per cent between 1981 and 1982.

The UK's real income, shown by gross national dispesable income at constant prices, increased by 2 per cent between the first and second half of 1982 and for 1982

Stern in court plea for bankruptcy discharge

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

FORMER property millionaire Mr William Stern, whose total debts exceeded £142m, applied to the London High Court yesterday to be discharged from bankruptcy.

Mr Stern, who has voluntarily paid his trustee in bankruptcy £26,650 since be was adjudicated bankrupt in May 1978, had recently offered to pay another £101,000 during the next three years if he were discharged, the Official Receiver's Counsel told the court.

Mr Justice Walton commented that that would scarcely provide one penny in the pound for the creditors.

Mr Michael Crystal, for the Official Receiver, said that whatever Mr Stern could reasonably be expected to provide would be no more than a drop in the ocean.

Mr Stern's application is opposed by three creditors whose debts total nearly £60m – Four Millbank Nominees, Keyser Ullman and First National Bank of Chicago.

Mr Crystal said they alleged that Mr Stern had brought about or contributed to his bankruptcy by "rash and hazardous speculation."

They had recently added more grounds for opposition:

● Mr Stern's business conduct and commercial morality in connection with the running and management of Wilster Securities and Stern group companies generally;

● His organisation of his personal assets before his bankruptcy;

● His treatment of his creditors since bankruptcy – he had continued his extravagant lifestyle while making little or no attempt to pay them.

All those factors made him an unsuitable person to be discharged from bankruptcy, the companies said.

In addition they said it would be contrary to the public interest for him to be discharged, having regard to the size of the deficiency, its causes and Mr Stern's conduct.

Mr Crystal said that after the bankruptcy claims totalling £142,978,413 had been submitted. The trustee in bankruptcy rejected claims totalling £277,268, postponed others totalling £37,363,512, and paid preferential claims of £4,347.

Claims of unsecured creditors ranking for dividend in the bankruptcy totalled £105,343,284.

Mr Crystal said the opposing creditors' claims arose out of personal guarantees given by Mr Stern on behalf of companies with which he was concerned.

Four Millbank Nominees was owed more than £38m, Keyser Ullman more than £20m and First National Bank of Chicago more than £675,000. One other bank was owed more than £11m and other banks were owed more than £4m.

Mr Crystal said a report by the Official Receiver this month showed that Mr Stern's income in the 12 months to March 1982 was £41,760, and that for the current 12 months about £48,000.

His household expenses during that time had been £50,260, he had paid tax and business expenses of £26,000

Darlington poll boost for Labour

By Peter Riddell, Political Editor

LABOUR goes into the last two days of the Darlington by-election with a slight, though distinct, edge over the Social Democratic Party (SDP)/Liberal Alliance after a week in which the two candidates had appeared to be neck and neck.

A new opinion poll, together with comments from campaigners and on the doorstep, suggests that some previous doubtfuls have switched to Labour, while there may have been some slight slippage away from the SDP. There does not appear to have been any significant squeeze on the Tory vote in the past few days.

The result on Thursday could still, however, be very close, especially if the increased prospect of a Labour win pushed undecided and previous Tory supporters across to the SDP.

Strike at Ford car plant may spread

By Brian Groom, Labour Staff

NATIONAL TALKS aimed at ending the 14-day-old strike at Ford's Halewood factory on Merseyside over the sacking of an assembly worker for alleged vandalism broke down in London last night, amid fears that the dispute could spread to other plants.

Mr Ron Todd, national organiser for the Transport and General Workers' Union (TGWU), said a request for the strike to be made official was likely to be approved this week by Mr Moss Evans, the union's general secretary.

While the TGWU was not asking other plants to strike, Mr Todd said any workers laid off or affected by the Halewood stoppage would receive official support.

The strike by 4,500 assembly workers has cost more than £42m worth of lost production of Escort cars. A further 3,700 body plant workers are laid off, and Ford has warned of "disastrous consequences" if the strike were prolonged.

Mr Todd said the strike would go on until 25-year-old Mr Paul Kelly, the assembly worker accused of bending a bracket on an Escort, was re-instated. The union claims that Mr Kelly, who sat in on yesterday's discussions, is innocent.

Ford managers, led by Mr Paul Roots, industrial relations director, proposed that the case be put to an industrial tribunal. The company would accept the findings as binding, even if it recommended the reinstatement of Mr Kelly.

The company faces a very serious position at Halewood, which is now suffering its ninth unoffical strike this year.

UNIONS TO BE OFFERED NEW WAGE PACKAGE

BR plans 2-year offer

BRITISH RAIL (BR) is planning to reply to union wage claims this year with a long-term pay offer, spread probably over two years.

The Government has endorsed longer-term pay deals as a method of breaking away from the traditional idea of annual wage increases.

Such a pace-setting deal at BR would be likely to find favour with the Prime Minister and her colleagues at a time when BR is likely to be applying for additional finance after last week's productivity breakthrough with the agreement by the train drivers' union, Aslef, to a deal on one-man train operation.

Long-term pay deals are relatively rare so far in the public sector. BL, which has struck a two-year deal with its manual workers, is the only notable example. But Ministers have warmly welcomed such developments in the private sector, where companies such as Scottish and Newcastle, Caterpillar Tractor and International Harvester, have been attracted by the stability offered by longer-term deals.

BR's response on pay this year will follow hard on the heels of the award by the Railway Staffs' National Tribunal, chaired by Lord McCarthy, which led to the immediate payment of a 6 per cent pay deal to BR's 180,000 workers.

This increase was outstanding from last September, though because of previous industrial relations difficulties, railway workers have not had a pay rise since April 1981.

This breathing space has helped convince senior BR officials of the attractiveness of a two-year deal, though some recognise a longer-term agreement will rob them of the annual opportunity to try to improve efficiency on the railways by linking pay increases to improved productivity.

No pay claim has yet been formally submitted for this year, though leaders of the industry's largest union, the National Union of Railwaymen, have already approved a package seeking a substantial pay increase, shorter hours, longer holidays and other benefits.

BR will have to make its pay response soon to a union side with a new leader. Mr Jimmy Knapp is expected to be confirmed today as the new general secretary of the NUR when the results are announced of elections for a successor to Mr Sid Weighell, who resigned the post after a Labour Party voting row.

● BR yesterday began training sessions for one-man operation of the controversial Bedford-London St Pancras line following last week's agreement on a rate of pay for train drivers on the route.

Energy switch grant extended

BY MAURICE SAMUELSON

MR PATRICK JENKIN, the Industry Secretary, has given industry a further nine months in which to exhaust the £50m worth of grants available from his Department for switching to coal from other fuels.

Announcing his decision in the House of Commons last night, Mr Jenkin made clear that the reason for which the scheme was first launched two years ago remained valid despite falling world oil prices.

"Even with the fall in dollar oil prices, many industrialists would find it cheaper to change from oil or gas to coal," he said.

The scheme, under which the Government pays up to 25 per cent of the cost of converting factories and other buildings to coal, was to have expired at the end of this month, with little more than £35m allotted to applicants.

Officials believe that the extension until the end of the year will enable them to earmark most of the £50m at their disposal.

The future of the scheme had been the subject of a protracted debate between the Treasury, which felt it should be terminated, and the Departments of Energy and Agriculture which wanted it to continue.

The Treasury finally agreed to allow the scheme to continue because of its link with a parallel package of EEC loans for coal conversion, for which it has given an exchange risk guarantee to the end of the year.

● Mr Norman Siddall, chairman of the National Coal Board, who is to retire soon, said yesterday that his successor would be committed to the 1974 Plan for Coal, which laid down guidelines for the regeneration of the coal mining industry until 1990.

The plan is designed principally to ensure the fuller exploitation of existing pits and to aid the search for new coal reserves. It has the backing of Government, the state-owned industry and the miners' union.

"We are building a new industry out of the old," Mr Siddall said, "and this is the principle which will be followed." He was speaking at the Gedling colliery near Nottingham in the Midlands on a visit to assess the benefits of a new £5.8m underground electric railway.

Posgate barred in Lloyd's ballot

By John Moore, City Correspondent

THE RULING council of Lloyd's, the London insurance market, yesterday removed Mr Ian Posgate, once one of the market's most influential underwriters, from all its governing bodies after a secret ballot.

Mr Ian Hay Davison, Lloyd's chief executive and deputy chairman of the council, said yesterday: "I have no doubt that many members of the council thought that since Mr Posgate had been suspended from underwriting within the market it was appropriate, logical and right that he should be suspended as a member of the council."

But the decision of the 27 members of the council is believed not to have been unanimous.

Mr Davison said that no exceptional action had been taken against Mr Posgate. "I would have thought that if any other member of the council was suspended from underwriting in Lloyd's it would not be unlikely that the same action would be taken." Mr Posgate faces allegations by Alexander & Alexander Services, the U.S. owners of Alexander Howden Group, where Mr Posgate was the leading underwriter, that he and four former Howden directors misappropriated funds from Howden insurance companies and Lloyd's syndicates under the management of Howden. Mr Posgate was suspended from underwriting in Lloyd's in January.

He said yesterday that the latest development was what one expected.

Why HAT has its sights on the U.S.

By Terry Garrett

SIX MONTHS ago David Telling, chairman and chief executive of HAT, put his name to a contract to purchase Sline, a loss-making industrial painter in the U.S. for $6.5m. Since then the stock market value of HAT, a major British building maintenance and repair group, has risen by more than 50 per cent to £90m. With profits for the full year just ended likely to be a shade over £8m, HAT's earnings multiple is now up in the 20s, rubbing shoulders with the few glamour stocks of British industry.

Can Sline really be so exciting that a major rerating of HAT is justified? Admittedly, it claims to be the largest industrial contract painter in the U.S. and presumably HAT, as Europe's biggest wielder of paint brushes, knows the industry inside out. Yet more than one successful British company has seriously misjudged its attempt to jump across the Atlantic and already Sline is failing to produce the profits it projected last September.

Not that a stalling of Sline's profits recovery is any disaster to HAT at this stage. Consideration for the buy was structured so that virtually half the $6.5m purchase price depends on warranted profits and assets. From peak profits of $2.1m in 1981 Sline collapsed into the red, notching up losses of $700,000 in the eight months to August.

The vendors, however, felt sufficiently happy to warrant profits of $450,000 for the 14 months to February. Those profits have not materialised but Mr Telling remains just as confident about Sline's future.

Even so, the important point about Sline is not so much what it is but what it represents—the first step to fulfilling a long-held ambition to create a parallel organisation to HAT in the U.S. Speed of acquisition will be the key but in 10 years' time HAT Inc. could be as big as HAT plc.

Spreading HAT geographically has been a dream of David Telling even before he took over as chief executive from Alfred Telling, his father, in 1978. Before that dream could become anything near reality there were more pressing problems at home.

While rapid acquisitional expansion had propelled profits upwards to over £3m by 1976-77 HAT had picked up some poor performers along the way. The group was too heavily dependent upon new building work to keep up a consistent performance. Cleaning out the loss-makers and completely switching HAT's trading emphasis towards more stable maintenance and repair operations dominated David Telling's early years as chief executive. It was 1979 before he could fly over to investigate the U.S.

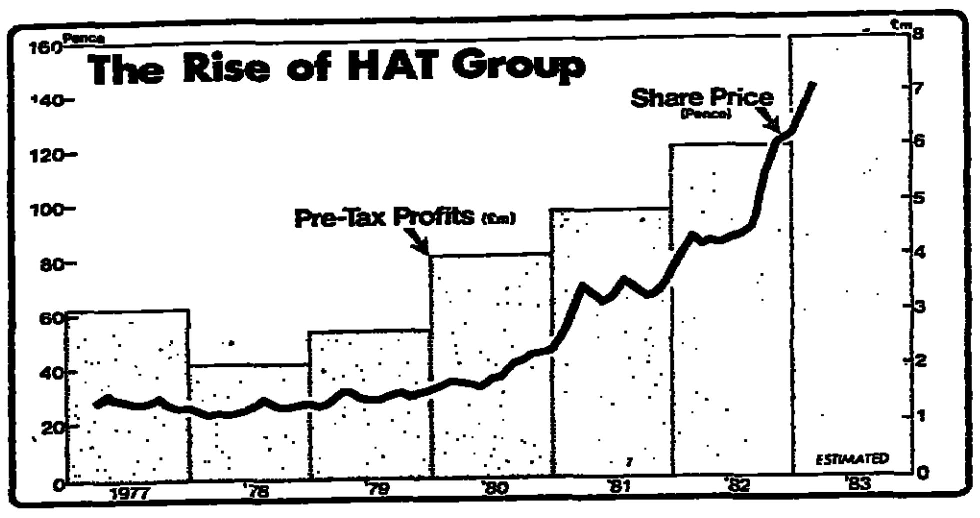
DAVID TELLING
HAT chairman

Sline was not his first American love. He had set his sights on bigger game, an American public company. It was a building maintenance operation similar to HAT offering the UK company a lot of scope to put its own trades through the U.S. distribution network. Sadly for HAT, British overtures of affection failed to woo American management but both parties still flirt now and then and a deal cannot be completely ruled out. It would certainly accelerate HAT's U.S. plans.

Even without that company, David Telling is convinced he can build a national painting network in the U.S., using Sline as a foundation stone. The American painting industry is highly fragmented. What the U.S. seems to lack, as far as David Telling can see, is a group like HAT interested in buying a selection of medium-sized building services companies.

Sline may have been one of the biggest in the U.S. but it was far smaller than HAT's painting business. No sooner was the ink dry on the Sline deal when another contractor was on the 'phone to see if HAT was interested in buying his company.

Yet HAT is unlikely to rush around with a cheque book. The timing of the Sline acquisition nearly went disastrously wrong.



It was HAT's relatively modest involvement in a Houston office development which led to Sline. A local partner in the property venture was asked to find a suitable painting company for HAT to acquire. Lou Sline, the company's ageing founder, proved to be a willing seller and the management team, headed by Chuck Fox, seemed happy enough to tie themselves to the British company.

However, a £9m acquisition of Jack Tighe in the UK, doubling HAT's UK painting business, slowed negotiating action across the Atlantic, fortuitously as it turned out. When the two companies started talking, Sline was producing solid profits growth but within months it was nose-diving into the red. If the deal had been struck earlier HAT might have looked rather silly without the armour of profit warranties.

What so dramatically clobbered Sline was the way its workload was structured. The American company had few ongoing contracts. Three-quarters of its business was done on a cost plus basis — in effect hiring out men and machinery.

Sline's customers are the major oil and chemical companies and some shipping. As soon as they felt the purse-strings tightening, they pulled Sline off the job at a moment's notice without any financial penalty.

Sline, in turn, could lay off its workers without any real problem — at one point last year the workforce had fallen from 1,100 to 500. Yet the painter still had to carry overheads, plant depreciation and so on. The effect on profits was catastrophic.

HAT is attacking Sline's problems on several fronts. Overheads have been cranked down and, within a couple of months of the British company gaining control, $1m had been sliced off costs. According to David Telling, "they had marvellous computers producing miles of information; everything except the right information."

HAT is also sending out one of its own top painting managers to help diversify Sline into commercial painting — factory redecoration for example — to give some cushion to the fortunes of the petrochemical industries.

Expansion geographically both by organic growth and acquisition is high on the priority list. Below the top five Sline executives there is an able level of young second-line managers and it is these whom Telling hopes will spearhead HAT's geographic expansion throughout the U.S.

As in the UK, financial motivation will be the carrot to get the very best out of the organisation. Some 95 per cent of HAT's UK employees are on bonus or profit-sharing schemes. Do well and you sit behind the wheel of a BMW to take home a fat salary cheque.

Finally, and perhaps the real crunch-point in the battle for recovery, will be the change of relationship with its customers from a casual to a more UK-styled contractual basis.

With that in mind, a brief low-key announcement a couple of weeks ago that HAT is talking to Group Property Services of Australia with a view to buying 90 per cent of GPS's Scottish subsidiary Programmed Maintenance Painting, takes on new significance. It is a small deal, worth less than £1m, but one which could hold vital importance for HAT.

GPS has perfected a novel painting contract. For the consumer it is akin to painting on hire-purchase. Briefly, the contract is struck so that GPS maintains the chemical plant, racecourse or whatever for a set period such as 14 years. During that time the plant may come in for a complete repaint every five years but the surface is kept up to the mark all the time by a continuing process of "touch up" treatment. The customer pays an annual fee plus a certain amount of interest as the years progress.

For him there is the advantage of spreading out some heavy maintenance costs as well as the attraction of maintaining an asset in pristine condition. What brings a gleam to David Telling's eye is that the customer effectively locks himself into a long contract and allows the painter to predict forward workloads without a hitch.

Best of all is that the GPS system in Australia, and as practised in the UK by Programmed Maintenance Painting, offers some very fat profit margins

Not surprisingly, GPS has had its imitators but most of them have lost their shirts because problems arise if the painter gets his costing projections wrong at the start. Hence HAT is willing to buy GPS's subsidiary in Scotland and strike a royalty deal with the Australian company for any work carried out in the UK and U.S. so that it can get a line into GPS's expertise and information bank. With that, HAT hopes to get its costings right and make a much better margin from slapping on paint.

Inevitably, a build-up of GPS-styled contracts will take time both in the UK and the U.S. HAT is bound to soft-pedal in the early stages. As David Telling puts it: "There is a risk to the system, it is not the answer to a maiden's prayer, but the concept is amazing both here and in the U.S."

It could be that the purchase of that small Scottish company will be just as important to HAT's future as its major stride across the Atlantic.

New BNOC secretary

Mr Andrew Berkeley has been appointed general manager, legal and participation affairs and secretary of the BRITISH NATIONAL OIL CORPORATION. He will be responsible for providing legal advice on all matters relating to the corporation's activities. Mr Berkeley is a director and secretary of ICI Petroleum and will take up his appointment with The British National Oil Corporation on May 9.

★

J. BIBBY & SONS has appointed Mr John Thomson to the board as a non-executive director. Mr Thomson is deputy chief executive of Brooke Bond Group, a deputy chairman of London & Manchester Group, and a non-executive director of Scottish & Newcastle Breweries.

★

Mr K. Gilchrist, who becomes general manager of the Bradford factory of FIELD SONS & COMPANY on April 1, and Mr K. McDonald, general manager of the Portsmouth factories, have been appointed directors from April 1.

★

AMERICAN EXPRESS TRAVEL has appointed Mr Paul Lander as the London-based network development manager for the UK and Ireland.

★

Mr Don Whitford, UK sales manager, has been promoted to the board of WHITE HORSE DISTILLERS from April 1. Mr Gordon L. Woodland, senior home sales director, retires from the board on March 31 and his duties will be taken over by director Mr Derek Hayward. Mr Whitford also joins the board of A. Ferguson & Co.

★

WORLD-WIDE ASSURANCE CO. has appointed Mr John H. Greenhalgh, assistant general manager, its actuary from April 1.

★

Mr John Robertson has been appointed head of the treasury group of CITIBANK London. Mr Robertson, a vice president of Citibank, was formerly deputy treasurer in London. He replaces Mr Francesco Redl, senior vice president, who moves to Paris as country corporate officer and institutional bank head for France.

★

HIGSONS BREWERY is making the following board appointments on October 1. Mr M. R. Willcocks to be assistant managing director, a new post. Mr David Winstanley to be a director. Mr Willcocks is employed by London stockbrokers Scrimgeour, Kemp Gee. Mr Winstanley is chief accountant.

★

Mr Peter S. King has joined TEXAS COMMERCE BANK, London branch, as vice president and manager credit and business development.

★

Mr James B. Huckett, Mr Christopher J. Steele, Mr Nicholas C. Spearing and Mr Derek L. Chambers are being admitted to the partnership of KITCAT & AITKEN, stockbrokers, from March 25.

★

Mr Peter St. George has been appointed to the board of HILL SAMUEL & CO.

★

Mr Richard Dunn, THAMES TELEVISION'S director of production, is to co-ordinate activities and interests in the field of new television technology, including cable and satellite. Mr Dunn will continue with his responsibilities for Thames' current and future production plans.

★

Mr Stephen Digby will join HARP on May 1, as managing director. He joins Harp from Bass Bristol where he is also managing director. He succeeds Mr Paul Mitson who is retiring.

★

The FOOD AND DRINKS INDUSTRIES COUNCIL has elected Sir James Cleminson (chairman of Reckitt and Colman) as chairman for the next two years. Mr A. J. R. Purssell of the Brewers' Society was elected deputy chairman; and Mr J. W. W. Clemes (finance director of Allied Lyons) was appointed treasurer.

UK NEWS

Ulster technology venture to receive £5.4m cash injection

BY TIM DICKSON

A MAJOR financial restructuring has been arranged to safeguard the future of one of Northern Ireland's most important high technology investments.

A total of £5.4m is being raised from private sector sources to inject into a new company carrying on the business of American Monitor International (AMI), a West Belfast-based manufacturer of highly sophisticated blood serum testing equipment.

A prospectus has been issued offering for subscription 1,923,077 shares in the new company at £1.04p each. Electra Risk Capital, a venture capital fund set up under the Government's Business Start Up Scheme, has agreed to subscribe for just over 722,000 shares leaving the balance available for individual investors who should be eligible for tax relief under the Start Up Scheme in respect of the tax year ending April 5 1983. The other institutions participating in the deal, the Legal and General Assurance Society and PRIVATbanken, the UK subsidiary of a Danish bank and AMI's bankers.

AMI was set up in early 1980 as a joint venture between the Northern Ireland Development Agency (NIDA) and American Monitor Corporation (AMC) of Indianapolis. AMI, however, has proved more cash hungry than originally expected as a result of development costs and heavy marketing expenditure on its major product, the Parallel Analyser.

This system is capable of performing and computing the results of up to 30 blood tests simultaneously and is designed for sale worldwide to laboratories and hospitals undertaking 2,000 or more blood tests a day.

So far AMI has sold 11 units and "statements of intent" have been made by customers in respect of a further nine. "We are beginning to accelerate in terms of orders," a spokesman for the company said yesterday.

"The level of interest is now much greater than we expected last year, particularly in the UK. The product is rapidly gaining acceptance in other parts of Europe and on top of that we have made a breakthrough in Saudi Arabia and in the Far East."

The refinancing package will be particularly welcomed by the Northern Ireland Industrial Development Board

Health workers award 'mean'

By Philip Bassett, Labour Correspondent

THE 4.5 per cent 1983-84 pay provision for 1m National Health Service workers, which formed part of the settlement which ended the nine-month dispute last December, now looks "positively mean rather than generous" in the light of subsequent public sector pay deals, according to Incomes Data Services, (IDS), a pay research unit.

"The provision of 4.5 per cent is at the bottom end of the bulk of settlements in both the public and private sectors.

"The spread of public sector settlements this autumn and winter has been running from pay pauses to around 10 per cent, with the bulk of basic rate increases between 4.5 and 7.5 per cent," says the research company.

IDS says the Government's announcement last October 1 of a 3.5 per cent cash limit provision for public sector pay was partly aimed at persuading health workers, who were still in dispute, that offers of 4.5 per cent from April 1983 were generously above the cash limit.

IDS Report 397; IDS Ltd, 140 Gt Portland St, W1.

Britain sets the pace of recovery

Electronic markets gear up

Soundings taken in the electronics industry show that Britain may be pulling out of recession ahead of other countries. Guy de Jonquieres reports.

BRITAIN is emerging as the bright spot among Europe's electronic components markets according to leading manufacturers, several of whom are tentatively forecasting that a sustained recovery in semiconductor sales is now under way.

Their confidence is based partly on indications that Britain is pulling out of recession ahead of other countries. Many also cite particularly strong increases in demand from small high-technology companies which have sprung up in the UK in the past few years.

Texas Instruments (TI) of the U.S., the world's largest supplier of components on the open market, has even suggested that sales in the UK this year may equal or overtake those in West Germany, which has long been Europe's biggest user of semiconductors.

TI's British subsidiary believes that Britain will account for 23 to 27 per cent of total European sales of \$3bn – \$3.5bn this year. It puts Germany's share at 21 to 25 per cent. As recently as the late 1970 s the German market was twice the size of Britain's.

Most other manufacturers and independent market research organisations such as Dataquest are much more cautious. "The trend is correct," says Mr Marcel Lebichot, market research manager for Intel, another big U.S. supplier. "But it is an exaggeration to say that Britain will overtake Germany." He believes that France, which overtook Britain in 1980, is still the second biggest European market, though others disagree.

Motorola of the U.S., the second largest supplier after TI, thinks that the UK market will grow by 15 per cent to \$646m this year after an 11 per cent increase last year. It forecasts growth of 7 per cent for Germany to \$871m (after a 6 per cent fall last year) and of 6 per cent to \$3bn for all of Europe.

The recent strength of the dollar, used for most Europe-wide forecasts, understates growth in some individual countries. Members of Britain's Electronic Components Industry Federation are understood to have reported a 30 per cent growth in their total sales of integrated circuits (microchips) last year. "All our member companies are very confident," says a spokesman for the federation, which does not make its industry statistics public.

Mullard, the UK components subsidiary of the Dutch Philips group, is particularly encouraged by a recent strengthening of demand from the consumer electronics industry, to which it is a major supplier. It says that it is now gearing up for a period of growth for the first time in three years.

Dataquest, which monitors semiconductor sales worldwide, is still cautious about the outlook. It points out that the UK market rose strongly early last year, only to fall back in the second half. But it believes that the chances of a sustained recovery are better this year.

Manufacturers see little evidence so far of any firming in the prices of widely-used components, which have been weak for some time and are as much as 30 per cent below levels in the U.S. Most U.S. suppliers gear their production to Europe as a whole and can easily switch deliveries from one country to another to adjust the changing patterns of demand.

Among the reasons for optimism most frequently mentioned by manufacturers and suppliers are:

- Signs that the British economy is starting to grow again, earlier than most of the rest of Europe, and that many industrial companies which have survived the recession have become more aware of the competitive advantage of using electronics in their products and processes.

"We still believe that the UK is in a fundamentally healthy position," says Mr Malcolm Penn of Dataquest. "Companies have already made most of the savings that are to be made."

Like most of the semiconductor manufacturers, he is also encouraged by the apparent improvement in the U.S. economy.

- Many semiconductor supplies say deliveries to small, entrepreneurial technology companies are rising strongly as a proportion of their total business.

"The sheer number of companies using semiconductors has just exploded," says Mr Pat Brockett, UK marketing director of National Semiconductor, a leading U.S. component manufacturer which has a large plant in Greenock, Scotland.

- Stronger demand from the local subsidiaries of foreign manufacturing companies, which have invested heavily in Britain. Many appear to have coped with the recession better than local industry. The UK subsidiary of IBM of the U.S., for instance, increased its profits by 40 per cent last year

Semiconductors, Page 23

Job losses at Seddon Atkinson may rise

By Nick Garnett, Northern Correspondent

UNIONS at Seddon Atkinson, the Oldham-based truck manufacturer which has been put up for sale by its parent International Harvester, are expected to be told of further redundancies later this week.

One suggestion has been that the company may wish to reduce the 1,000 strong workforce by as many as 400, but this has not been confirmed. The unions have only been told so far that the cutback will involve more than 100.

Mr Gerry Woodhead, the new British managing director, said earlier this month that further cuts were necessary to match the size of the workforce with output. The company, which closed its site at Preston, and shrunk from a workforce of 1,800 in the past two years, has a production target of 2,200 vehicles this year. That would involve an increase in its UK market share.

Seddon said at the start of this month that negotiations for the sale of the company were close to completion. Three companies were still involved in the talks.

Fuel-efficient cargo ship built by BS

BY ANDREW FISHER, SHIPPING CORRESPONDENT

BRITISH Shipbuilders (BS), which warned last week of up to 9,000 more job losses, yesterday introduced a versatile new cargo ship needing less fuel and smaller crews.

The MP 17, the design of which was unveiled at the Expoship exhibition in London, is a multi-purpose carrier of 17,000 deadweight tonnes. It will use only 17 tonnes of fuel a day and need a crew of 17.

"We think this is a winner for the 1980s and 1990s," said Sir Robert Atkinson, chairman of BS. "It is probably the best designed ship we have yet produced."

Compared with similar existing ships, both fuel and crew levels are much reduced. "This is a handy-sized and versatile carrier," added Sir Robert. "It can carry general cargo, bulk cargo or containers, or combinations of all."

BS has experienced mounting losses in its current financial year to end-March and has found it hard to win new orders at a time of shipbuilding slump.

But it has been forging ahead with computer design and manufacturing techniques. These have been used in preparing the MP 17, designed both to fit owners' needs and costs and to achieve smooth production in the yard.

"It is what owners are looking for as the world comes out of recession," said Sir Robert. The engine will be a Sulzer type, designed in Switzerland, though Danish Burmeister and Wain engines can also be fitted.

Economies at port

BY ROBIN REEVES IN CARDIFF

THE PORT of Bristol Authority is introducing economies in a bid to cut the financial losses of its Avonmouth Royal Portbury Docks.

A £2m severance scheme is the centrepiece of the drive, and is aimed at cutting the authorities workforce by a further 213 through voluntary redundancies. This will bring the total redundancies at the port over the past two years to more than 800 and reduce the workforce to less than 1600.

The new cutbacks reflect a decline in labour intensive cargo handling, in favour of containers and larger unit packaging, a trend which has been accelerated by the recession.

The Bristol Authority's conventional cargo trade – animal feeding stuffs, forestry products and bulk liquid petroleum and chemical products – fell only slightly in the first 44 weeks of the current financial year, by 86,800 tonnes

How the Budget could help whistle up wizard new tunes

Tim Dickson hypothesises on the Chancellor's proposals

THE dream of two West Midlands engineering executives is starting to come true. A week ago today, as the Chancellor of the Exchequer came to the end of his fifth Budget speech, Steve Corbett and Hunter Knight, marketing and managing director respectively of Wizard Electronics, looked each other in the eye before Knight blurted out impetuously, "That's it then. We're definitely going to buy this company and run our own show for a change."

Frustrated for years by the corporate politics of Disaster Area Inc, a MidWest "smoke-stack" conglomerate which had diversified unsuccessfully into "high technology" during the 1970s, Corbett and Knight have been itching to develop their prototype of a microchip-based electronic mouth organ to add to a range of musical instruments. They are convinced that its programmable tunes will appeal to an international market of buskers and budding pop stars. Although the idea has consistently fallen on deaf ears back at the Minneapolis headquarters, the group chairman has responded positively to the idea of what he calls a "leveraged" buy out.

Until last week the two had been wavering. But when Knight flicked on the switch of his radio last Tuesday both men were so struck by the large number of new small business "handouts" in this year's Budget that they resolved to take the plunge.

They have spent the last week planning how they are going to transform Wizard Electronics from being the neglected hi-fi subsidiary of a large company into an expanding independent business.

One of the first things they noticed from a close study of the Financial Times was a new provision for tax relief on borrowings used by employees to finance the purchase of shares in an employee buy-out. (The provision was triggered by the £53.5m employee buy-out of the National Freight Corporation in 1981—prior to this Budget only employee managers in close companies could claim the relief on borrowings to purchase shares.)

Some other measures

OTHER "small business" measures in the Budget are:

Corporation Tax. "Small companies" rate reduced from 40 per cent to 38 per cent. Limit to which this rate applies increased from £90,000 to £100,000. Full rate of 52 per cent does not now apply until profits have reached £500,000 (previously £225,000).

VAT. Registration threshold increased from £17,000 to £18,000. Deregistration threshold raised from £17,000 to £18,000 on past turnover, £16,000 to £17,000 on estimated future turnover.

Enterprise Allowance Scheme giving unemployed people £40 a week to help set up in business extended nationwide (currently available in five pilot areas). Cash limit for 1983-84, however, is £25m and for 1984-85 £29m.

Capital Transfer Tax. Relief for minority shareholdings in unquoted companies up from present 20 per cent to 30 per cent.

Capital gains tax. Increase from £50,000 to £100,000 in maximum amount of CGT relief available when a business is disposed of on retirement.

Workshops. 100 per cent allowance for small industrial workshops being extended to cover all industrial units in a converted building where average size of all those units does not exceed 1,250 sq ft.

Committed to the concept of employee shareholders, Corbett and Knight decided to canvass their 50-strong workforce. At £1,000 per head this could raise a valuable extra £50,000 towards the £0.5m purchase price already provisionally agreed, while every £10 of interest paid by an employee would effectively only cost £7 for a basic rate taxpayer.

While bank borrowings and institutional support will probably be mustered to meet the buy-out price more capital will undoubtedly be required to fund development of the treasured mouth organ project.

Knight and Corbett have thus been particularly interested in the Business Expansion Scheme, the successor to the widely publicised but little used Business Start-up Scheme which currently allows individuals to claim relief at their top marginal rate of tax on an investment up to £20,000 in a new company.

Though Wizard, after a buy-out, will not be a "new" company as defined for the Business Start-up Scheme, it will qualify for the Business Expansion Scheme which will also apply to a great number of existing unquoted trading companies.

The maximum allowable investment in any one year, moreover, is being doubled to £40,000. Knight has thus contacted a couple of chums who spend most of their time playing golf for large stakes at Sunningdale and who have recently been expressing an interest "in getting involved in some way in a little small business venture."

More working capital, however, is also required and Corbett has already picked up the announcement that a further £300m is being made available under the Government's Loan Guarantee Scheme. This will continue to be run largely as before with the Government guaranteeing 80 per cent of loans made by an approved bank or financial institution in return for a 3 per cent premium on the guaranteed portion up to a maximum of £75,000.

Besides widening the scope of the scheme, the Chancellor has also reminded banks and potential borrowers that in carrying out their commercial appraisal banks should take full account of the personal commitment of borrowers to their business. Knight's wife, Ethel, however, has already put her foot down about using the family house as security and given that the Chipping Wallop branch manager may consider the mouth organ scheme a shade risky, the two executives reckon they have a good case.

Looking ahead, meanwhile, Knight and Corbett realise that they will ultimately need to "tool up" for production, at which point they notice that another £100m is to be made available over the next three years under the Small Engineering Firms Investment Scheme. Newspapers in the Midlands were full of SEFIS when it was launched for the first time last year and they can remember enviously hearing that competitors had managed to secure a one third grant of the costs of installing new numerically controlled machine tools.

Wizard is also thinking of trying to work some magic by taking advantage of other measures in this year's Innovation package from the Department of Industry which brings together support previously offered under the Product and Process Development Scheme (PPDS). Knight and Corbett could hardly keep up with the Chancellor as new measures apparently rattled off his tongue but there are one third grants available for new products under an innovation linked investment scheme, the development of so ftware and the promotion of computer aided production management.

Of most interest to Wizard is the Software Products scheme, since Corbett is keen to develop a programme which guides the user to available areas of Government support.

The Wizard executives, meanwhile, realise that as things stand they lack a top production man and have been giving some thought over the past few days to filling this gap in their management team. The trouble is that Luke Jones, the individual they have in mind, is known to like "a slice of the action."

Happily the answer to their problems is at hand in the form of more generous provisions for profit-sharing schemes. In a move which should help more companies attract senior managers, the Chancellor has quadrupled the value of tax-free shares a company can give its employees each year, subject to a maximum of 10 per cent of earnings per employee, from £1,250 to £5,000.

Thus beside Luke's £30,000 starting salary he can now be offered £3,000 a year under Wizard's wonderful new profit-sharing scheme. He will have to be told, however, that under scheme rules as defined in a previous Budget he cannot sell the shares for two years. He will pay no income tax if they are held for seven years but if sold in the intervening period they will be subject to income tax at a declining rate.

Corbett was last heard of in the West Midlands discussing the proposed rental of a couple of teletext TV sets—for which Wizard will get 100 per cent first year capital allowances; chasing up the possibility of moving the company to a free-port which will offer various incentives and putting the finishing touches to plans for a new microchip based mouse-trap.

The only problem remaining—and it is a big one—is to find a market for Wizard's mouth organ and effectively promote it.

Reactions from lobbyists

REACTION to the Budget from small business representative organisations was mostly complimentary — but disappointment was expressed too.

The Confederation of British Industry, for example, said the package would "rev up enterprise as it awaits the green light of economic upturn." But while ministers say they have not ruled it out, the CBI's proposal for Small Firms Investment Companies (SFICs) was not included.

Most lobbyists, particularly the Association of Independent Businesses, were very pleased with the Business Expansion Scheme. But the Union of Independent Companies was uphappy that more was not done to reduce industry's direct borrowing costs.

The point was echoed by the Forum of Private Business — a keen supporter of measures to encourage businesses to reinvest retained profits. The Forum would have liked a much more "dramatic" increase in VAT thresholds.

Loan guarantees: the failures

"WE ARE particularly keen that it should not be seen as a bank bashing exercise," comments Hugh Aldous of Robson Rhodes. "I hope, on the other hand, that it will stimulate debate among small business advisers."

Aldous was commenting on his firm's much-awaited report, published by the Department of Industry last week, on the first 50 company failures under the Government's Loan Guarantee Scheme. Together with a separate commentary on a telephone survey of 200 borrowers, it makes a number of useful points and will be compulsory reading for all bank managers operating the scheme.

Robson Rhodes goes to some lengths to stress the caveats in its report: that the failures cited do not, for example, comprise a statistically valid sample, that no success stories were considered, and that only early failures — representing loans made at a time when lenders were still experimenting with a novel scheme—are taken into account. Conclusions, therefore "are inevitably opinion rather than scientifically derived."

Having studied the files and talked to bank officials in each case Robson Rhodes nevertheless believes bank appraisal techniques "are patchy and tend to place unmerited reliance on initial work presented by others. Those presentations, sometimes by the accountancy profession, are often inadequate." (The sample includes cases handled by the major clearing banks and the Industrial and Commercial Finance Corporation. The report carries a note to the effect that ICFC "is more familiar with the appraisal requirements and monitoring procedures associated with risk lending.")

Bank managers, says Robson Rhodes pointedly, should ensure that applications are accompanied by properly prepared projections and should appraise proposals as rigorously as if they were lending unsecured. They should also do more to encourage their customers to set up adequate management accounting systems. "There is a widespread need," says the report, "to encourage business management, bankers and accountants to develop systems of basic analysis and control for small businesses generally, not just scheme businesses."

One of the most distressing, if perhaps predictable, observations by Robson Rhodes was the "astonishingly high" capital and income gearing of many of the companies which failed. (Capital gearing is defined as the proportion of loans to equity, income gearing as the amount of net income taken up in repaying loans and interest.

Of the 48 failures studied in detail 11 were start-ups, five buy-outs, 14 companies supposedly expanding, and 18 were in urgent need of lending. More than half were manufacturers, 10 per cent were retailers and 10 per cent printers or publishers.

More than three fifths failed within six months of the start of the scheme in June 1981. One went under in a matter of days. Robson Rhodes comments: "Small businesses needing finance beyond conventional loans . . . very often succeed or fail in what they are trying to do in a very short time. There is a crucial period of 'midwifery' during which attention should not be diverted from the patient." Certainly the Government sees this as one of the most important messages of the report.

Discussing the reasons for failure, the authors point out that there is none "unique to the Scheme." Robson Rhodes believes failure to anticipate the market for the product accounted for the demise of 12 companies, poor management put paid to 21, while production problems, overtrading and even deception were among other reasons cited.

"Personal problems" such as divorce and family difficulties apparently affected the fortunes of eight businesses.

Conclusions from the telephone survey with borrowers—the more detailed analysis of failures concentrated largely on the bankers' remarks—suggest that as many as half the scheme borrowers could have obtained an offer of money elsewhere. In half of these cases, however, borrowers indicated that the likely terms would not have been acceptable. Only a third of the borrowers questioned said it would have been totally imposible to find funds elsewhere.

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NON-EXECUTIVE DIRECTORSHIPS

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A large importing house is looking for a joint selling venture in two fields:
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2. Small tools manufactured by our associated company in the Far East for the U.S. retail market.

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DID YOU KNOW?

The video games business worldwide is already bigger than either the record or film industries. £150,000 investment sought in new highly professional UK based video games company.
Full report available
Write Box F3916, Financial Times 10 Cannon Street, London EC4P 4BY

FINANCIAL TIMES SURVEYS

SMALL BUSINESSES

MAY 3, 1983

The Financial Times is proposing to publish a Survey entitled Small Businesses in its issue of Tuesday, May 3rd, 1983. The provisional editorial synopsis is set out below. To guarantee that your advertisement appears in this Survey orders will be required by

MARCH 28, 1983

INTRODUCTION Global interest in small firms has never been greater as all Western economies continue to struggle with rapidly-changing technology and markets and unemployment. A worldwide perspective of the most popular measures to promote small business, their impact on jobs and on new firm formation.

Editorial coverage will also include:

UK GOVERNMENT POLICY — STATISTICS
SOURCES OF FINANCE

PRIVATE SECTOR
(a) The clearing banks
(b) The small (non-clearing) banks
(c) Venture capital

PUBLIC SECTOR
(a) Loan guarantee scheme
(b) Development agencies
(c) Local authorities

TAXATION
PROPERTY
FINANCIAL SERVICES FOR SMALL BUSINESS
OVERSEAS

SECTOR PROFILES
SOURCES OF HELP
(a) Exporting
(b) Public sector
(c) Private sector

REPRESENTATIVE ORGANISATIONS

For further information please contact:
John Wisbey
Financial Times, Bracken House
10 Cannon Street, London EC4P 4BY
Tel: 01-248 8000 ext. 3234 Telex: 885033 FINTIM G

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The size, contents and publication dates of Surveys appearing in the Financial Times are subject to change at the discretion of the Editor

BUSINESSES WANTED

LAND/HOUSE BUILDING COMPANY REQUIRED

John Maunders Construction Ltd., operating for over 70 years and now one of the largest house building companies in the North West is seeking to acquire prime residential land (5 acres up to 50 acres) with outline or detailed planning consent.

Alternatively to assist our expansion programme we are keen to acquire a well established house building company with a proven track record and a substantial land-bank anywhere in the U.K. Existing management will be retained and substantial funds are available.

All propositions will be thoroughly investigated and quick decisions given.

Principals only reply in strict confidence to:–
John W. Maunders Esq., Chairman,
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Development House, 30 Crofts Bank Road, Urmston, Manchester M31 1UH.
Tel: 061-747 6656 Telex Jmc G 669111

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WANTED CONSTRUCTION COMPANY

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Reply to:
Managing Director
REDROW LTD
Colomendy Industrial Estate
Denbigh, Clwyd
Tel: 074571 4343

HOUSE BUILDING COMPANY REQUIRED

Public construction company wishes to purchase small to medium sized private house building company with good management
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HOUSE BUILDING AND DEVELOPMENT COMPANY REQUIRED

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required in
South East England

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CASH AVAILABLE £100,000— £1,000,000

FOR PURCHASE OF
BUILDERS MERCHANTS
SANITARYWARE FACTORIES
WHOLESALE ARCHITECTURAL IRONMONGERS
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PROTECTION

Our clients have SUBSTNTIAL FUNDS for the development or outright purchase or companies manufacturing/merchanting INSULATION, ENERGY SAVING or HOUSEHOLD SECURITY product.

National/regional exposure through an established distribution network would be an advantage. Companies involved in the above and also in other forms of house maintenance or building products should not be deterred from coming forward.

Being a FAMILY CONTROLLED PUBLIC company, our clients fully understand the RETIREMENT/FAMILY situation where continuity and job preservation are important factors.

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C. N. Kenyon
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Sumlock House, 314 Chester Road,
Hartford, Cheshire. Tel: 0606 888810

SPECIALIST ENGINEERING COMPANIES

We are a medium sized, long established; specialist engineering company based in the East Midlands. We are seeking expansion, either through purchase or involvement, with small or medium sized companies active in the following areas:
i) Special Purpose machine builders
ii) Equipment distributors
iii) Precision engineers manufacturing proprietary items
iv) Distributors of engineering, electrical or electronic products

This could be of interest to established companies, or larger companies wishing to divest themselves of an unwanted subsidiary. Companies, however, who have potential but lack management or financial resources, or who may be suffering in the present recession, will also be favourably considered. We would normally expect to retain key staff. All replies will be treated in strictest confidence.

Write Box G8798, Financial Times 10 Cannon Street, London EC4P 4BY

BUSINESSES FOR SALE

COMPANY NOTICES

De Beers Consolidated Mines Limited
Incorporated in the Republic of South Africa

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the ninety-fifth annual general meeting of members of De Beers Consolidated Mines Limited will be held at the head office of the Company at 36 Stockdale Street, Kimberley, on Tuesday, 24th May 1983, at 14h15, for the following business:

To receive and consider the annual financial statements of the Company and of the Group for the year ended 31st December 1982:
To elect directors in accordance with the provisions of the articles of association of the Company:
To consider and, if deemed fit, to pass, with or without modification, the following resolution as an ordinary resolution:

"That the directors be and they are hereby authorised to allot and issue all or any portion of the unissued 133 071 eight per cent cumulative second preference shares of R1 each and 15 210 958 deferred shares of five cents each in the capital of the Company at such time or times, to such person or persons, company or companies, and upon such terms and conditions, as they may determine."

A member entitled to attend and vote at the meeting may appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the Company.

The transfer registers and registers of members of the Company will be closed from 14th May to 24th May 1983, both days inclusive.

Holders of deferred share warrants to bearer who desire to attend in person or by proxy or to vote at any general meeting of the Company must comply with the regulations of the Company under which share warrants to bearer are issued.

By order of the board
J. D. B. ENGELS
Secretary

36 Stockdale Street, Kimberley.
P.O. Box 616, Kimberley, 8300
27th April 1983

De Beers
De Beers Consolidated Mines Limited

NOTICE OF RATE OF INTEREST
CREDIT LYONNAIS
U.S. Dollars 30,000,000 Floating Rate Notes due 1987

In accordance with the provisions of the Interest Determination Agency Agreement between Crédit Lyonnais and National Bank of Abu Dhabi, Paris Branch, dated as of 29th August, 1980, notice is hereby given that the Rate of Interest has been fixed at 9¾ per cent per annum and that the Coupon Amount payable on 21st September, 1983, against Coupon No. 6 will be US$249.17 and that such amount has been computed on the actual number of days elapsed (184) divided by 360.

By: National Bank of Abu Dhabi, Paris Branch,
Reference Agent

17th March, 1983.

NOTICE OF RATE OF INTEREST
BANQUE NATIONALE DE PARIS
U.S.$50,000,000 Floating Rate Notes due 1987

In accordance with the provisions of the Agency Agreement between Banque Nationale de Paris and National Bank of Abu Dhabi, dated as of 5th March, 1980, notice is hereby given that the Rate of Interest has been fixed at 9⅞ per cent per annum, and that the Coupon Amount payable on 22nd September, 1983 against Coupon No. 7 will be US$50.47 and that such amount has been computed on the actual number of days elapsed (184) divided by 360.

By: National Bank of Abu Dhabi
Head Office
18th March, 1983 Agent Bank

PROVIDENT MUTUAL LIFE ASSURANCE ASSOCIATION

NOTICE IS HEREBY GIVEN that the 142nd ANNUAL GENERAL MEETING of *the Association will be held in the Council* Chamber, Chartered Insurance Institute, 20 Aldermanbury, London EC2V 7HY on Wednesday, 13 April 1983 at 12.30 pm, to include the following:

1 To adopt the Report and Accounts for 1982.
2 To re-elect Mr Peter Baring as a Director of the Association.
3 To re-elect Mr Colin Edward Hughes as a Director of the Association.
4 To re-elect Mr Brian Richardson as a Director of the Association.
5 *To re-appoint Pannell Kerr Forster as* auditors of the Association to hold office until the conclusion of the next Annual General Meeting.

G. W. Stirling
Secretary

22 March 1983

U.S.$75,000,000
GRUPO INDUSTRIAL ALFA S.A.
Floating Rate Notes Due 1988

For the three month Interest Period from 21st March, 1983 to 21st June, 1983 the Notes will carry an Interest Rate of 10¼% p.a. and the Coupon Amount per U.S.$10,000 will be U.S.$258.75.

Credit Suisse First Boston Limited
Agent Bank

SIAM COMMERCIAL (CAYMAN) LIMITED

U.S.$70,000,000 GUARANTEED FLOATING RATE NOTES DUE 1984

GUARANTEED BY THE SIAM COMMERCIAL BANK LIMITED

Pursuant to the terms and conditions of the notes, notice is hereby given that the interest rate for the eighth interest period of March 22, 1983 to September 22, 1983 has been fixed at 9⅞%.

The interest amount payable on September 22, 1983 against Coupon No 8 will be U.S.$50.47 per U.S.$1,000 note and U.S.$252.36 per U.S.$5,000 note.

CITICORP INTERNATIONAL BANK LIMITED
Agent Bank

March 22, 1983.

FINANCIAL TIMES
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Brussels: 39 Rue Ducale. Telex: 23283. Fax: 512 1404. Tel: 512 9037.
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THE ARTS

March in Paris

William Packer reviews an exhibition of Claude and other visual delights currently on offer in Paris

There are reasons enough for going to Paris at any time, and no rule requires that Art should always be one of them; but it seems to fall out that one way or another it always is. This spring affords us no exception, and what with the Manet centenary exhibition just over the horizon, and other treats in store, the summer seems set to do the same. Sufficient unto the day, however, are the treats thereof, and such things can wait their turn. For the moment Claude Gellée, *dit* Le Lorrain, whose work occupies the principal suite of galleries of the Grand Palais (until May 16), is the local hero, and certainly no one who values such things should throw up the chance to share in this remarkable celebration of his achievement.

It is a chance unlikely to recur, for given the expense and difficulty that attend such exercises, and current attitudes to conversation, only the most pressing or special of excuses will do to bring it all together. The tercentenary of Claude's death fell last year which anniversary the National Gallery of Art in Washington and *La Réunion des Musées Nationaux* in France chose to mark together. The only pity of it is that we in this country should have had no part in it, our gracious and otherwise distinguished lenders apart, nor seen it here; for all the great painters of the 17th century, Claude it is more than any other, who touches a particularly poignant spot in the English visual sensibility. The small, choice tribute that Agnews paid him late last year was the solitary initiative here, and a gentle rebuke to the more general neglect

France may claim him by right of his birth, England assume him by acquisition—for there are still more of his paintings here than in any other country—and Rome, where he spent almost his entire working life, take him by adoption, but in truth his influence was yet more generously spread, common to the European tradition in general, even into the nineteenth century. He was the painter of the Arcadian ideal, which brought him close, in certain respects, to the severer classical preoccupations of his contemporary and sometime fellow expatriate, Nicolas Poussin; but any superficial similarity that particular subject matter and scale may confer, is certainly misleading.

For in Claude there is little of Poussin's closely ordered composition, every nuance and inclination orchestrated within the superior design, but rather a sense, which grows ever stronger as the work goes on, of an intuitive and natural delicacy. Claude is no Classical at all, but the great proto-Romantic, conjuror of a pastoral world as perfect as in any dream. And if everything therein should be perfectly arranged, as in the great landscaped parks and gardens of England that sprang from his example over the following century, the civilised point was that if Nature should be thus controlled, it was only the better to express herself.

Claude's easy naturalism is the more striking for being here so evident, and readily comparable, in the work from first to last, most especially in the drawings—fresh, crisp and immediate, the rapid note in the sketch book of the distant campanile, the towers of the hillside across the valley, the simple tree trunks of the pine forest, and, in a broad swash of ink, the rocks of the grotto of Neptune at Tivoli.

The suggestion in all the drawings, though some of them clearly tend towards their subsequent compositional use, is very much of the thing seen, the direct experience of the visible world; and if, as happened with me as a practical expedient, they are the first things to be seen, the suspicion is readily carried over to the paintings. An artist sits on a log with his companions outside the city gate, drawing the boats tied up around the point, and the view of the city across the bay. The masts and rigging peep over the battlements and towers, which are now falling into a romantic and fortunately overgrown decay. The flag drooping at the mast head, by a bold painterly stroke, is pink against the golden pink of the evening sky. This View of the Coast a work of Claude's middle years, around 1640, idealised admittedly, but so happily circumstantial: and from 1647 a true and exquisite landscae, informed by only the most shadowy of human and animal presences, a view across the wooded fields and hillsides outside Crescenza, the walls and towers of the town again catching the last of the evening light, the distant hilltop picked out and described by a touch as simple, direct and sure as of any impressionist.

These are comparatively small paintings, but they characterise the essential Claude, that same painter who in his old age, in the sixties and seventies, in an extended sequence of large and great works, described the magical dream world of that bucolic idyll and classical fairy tale. In them, too, the last light of a summer's day falls across the castle on the cliff top, and the ancient ruin, and catches the trees of the forest in a last, faint glow. A quiet sea laps against the shore, a melancholic figure sits alone, strange figures meet, beasts move indifferently among the shadows. We can almost persuade ourselves to hear a faint music of pipes and bells among the trees.

There is much else to see. Around the corner in another part of the Grand Palais is a charming and useful exhibition, now in its last few days (until March 28), of the work of the Hague School, a group of minor Dutch painters of the later 19th century. Theirs was partly domestic genre, partly an academic impressionism, but whichever it was, always admirably professional, and the three Maris brothers especially deserve a somewhat wider reputation. There is an added interest too, in that though the group can hardly claim them as its products, both Van Gogh, and later Mondrian, were familiar with the range of work it encompassed, and were directly influenced in the early formative stages of their own development.

Across the river at the Musée Rodin is an exhibition of sculpture that draws upon the collections of northern provincial museums. Called *De Carpeaux à Matisse*, it covers similar ground to the Rodin show here at the Barbican, but is rather more heavily weighted towards the mid-century Salon, with its emphasis upon public and commemorative sculpture, and away from the more personal, expressive and experimental tendencies of the modernists. This is not to say, of course, that there are not beautiful and intriguing things to be seen across that range, from the Countess de Castiglione by Carrier-Belleuse, or Meissonier's Imperial Officer riding through the storm on the one hand, to Bourdelle's Penelope on the other.

Rodin embraces both extremes in his own work, and the house itself, and its extensive grounds are set out with examples of all kinds, periods and states: rude, rapid maquettes, half finished carvings, final casts. The Burghers of Calais command the entrance, and since the special exhibition is closed for an extended lunch, there is all the time in the world to look around (until May 30).

And there is the Centre Pompidou, *which as ever hums with* furious activity. Of the current exhibitions, four are of particular note, if only in passing. We had a large Giorgio de Chirico show here at the Tate a year ago, which was deliberately confined to the Metaphysical period of his early maturity, upon which his reputation and importance chiefly depend. In Paris that emphasis remains, but is at least significantly qualified by the addition of a large group of works from the twenties and thirties (until April 25).

Next door is a retrospective of the work of Yves Klein to mark the twentieth anniversary of his premature death. Klein was gleeful latter-day Dadaist, the pioneer of modern conceptualism and minimalism, his work never less than elegant and always intriguing. But the idea of the moment so often remains only good at the time, only so long as the frisson of gesture and shock last, and now, though certain images may have a haunting presence still, and hang in the memory, the more general insubstantiality, a lack of bottom we might say, is inescapable (until May 23).

Downstairs on the mezzanine, again side by side, are two sculptors, our own Barry Flanagan, and an impressive German, Ulrich Ruckriem. Having written about Flanagan at some length in recent months, both at the time of his showing at the Venice Biennale last summer, and more lately at the Whitechapel Gallery, I do not propose to say much now, no more in fact than this small and well chosen show covers rather more of his career, taking us back beyond his recent essays with bronze, and with stone-carving before that, to the work with soft and flimsy materials, hessian, rope, sticks and rods, of the later sixties.

Current with it (until May 9), Ruckriem's show is altogether more spare and austere, a handful of works only, and from the past four or five years. The stark simplicity of the works is at first, perhaps, a little daunting, the huge lumps of granite shivered into simple blocks and disposed with a disarming directness, as they might be a large child's building bricks, in the most basic of structures or formations, one, two, three, or four by four, with the narrow channel between to describe the form. The sheer weight of the pieces, however, begins to weigh upon the imagination, and the physical qualities of the stuff itself, the seductive surface of the rock, now rough, now polished to a shine. They are more light-hearted than we might expect.

Edward Bawden is now 80, which birthday is rightly celebrated by this exhibition at the Imperial War Museum (until May 30) of his work as a War Artist, first in France before Dunkirk, and then in North Africa, the Middle East, and finally in Italy. He is a painter of the first rank who is yet not given his due for having dared to be so varied in his work, and so consummately gifted as print-maker and illustrator. Put not by himself but by us into what we suppose to be a secondary category, he shows us with his wonderfully sharp and humane eye and firm hand that it is high time we revised our prejudices. Here is Sgt Samson of the 1975th Bechuana Company of the Auxiliary Pioneer Corps in the Lebanon in 1942

Texaco/National Youth Theatre play competition

A new playwriting competition with a first prize of £3,000 has been announced by Texaco in association with the National Youth Theatre of Great Britain.

The competition is to encourage new writing for young people and is an extension of Texaco's sponsorship of the NYT. There will be a second prize of £2,0000, a third prize of £1,000, and a special prize of £500 awarded to the most promising writer under the age of 21.

The judges' panel will consist of Michael Croft, director of NYT (chairman of panel); Michael Coveney, drama critic, Financial Times, Bryan Forbes, president of NYT, D'ana Quick, actress, Charles Sturridge, film/TV director, and actor Simon Ward.

John Drummond to leave Edinburgh Festival

The Lord Provost of Edinburgh as chairman of the Edinburgh Festival Society has announced that the festival director, John Drummond, will be leaving at his own request after this year's festival.

Planning for the 1984 and 1985 festivals is well advanced and the post of festival director will be advertised shortly.

'Fiddler on the Roof'—and Topol—return to London

Fiddler on the Roof is to be revived at the Apollo Victoria Theatre in London, opening Tuesday June 28. The new show is based on the original production, recreating the original choreography and staging by Jerome Robbins with the original set and costume designs and starring Topol, the original Tevye.

Valerie Masterson/Wigmore Hall

Max Loppert

The first London recital, on Saturday, by this lovely artist was a success — it is a pleasant duty to report as much. The artistry which Miss Masterson has developed and refined with such skill in the theatre serves her almost as well in the more exposed medium of the song recital. The reason for this is the same as that which makes of her best opera performances a special pleasure: this is a singer in full control of her means, and wholly aware of their exact extent. The attractions of singing and person are united in being unforced: in everything Miss Masterson undertakes — even in those passages on Saturday of faintly less than perfect intonation or verbal detail — one notes a fitness of conception and execution that is a rare phenomenon in any musical field.

The programme was well chosen. It opened with airs from three Handel operas in which the singer has made vivid stage appearances, *Alcina* (at Aix), *Caesar* and *Semele*. The voice, perhaps no longer wholly as enchanting an instrument as a couple of seasons ago, sounded fresh and relaxed; the divisions of the first and third airs were lightly shaped, the touches of embellishment thrown in with artful ease. Cleopatra's "V'adoro, pupille" Miss Masterson chose to sing in Brian Trowell's stylish English translation; as she is at her most freely communicative in her native tongue, the choice was astute, as were Geoffrey Parson's spacious tempos — the charm that this soprano brings to display passages, being thus enhanced, proves a happy substitute for the last degree of virtuosity that just eludes her.

In Italian, French, and especially in German (four Straus Lieder full of slips of the tongue), the finish of the total impression becomes a little less polished. Words are dutifully pronounced, but their meaning does not directly play upon the instinctive tempering and shading of a song's progress. In terms of weight and colour, the voice suits Fauré's Verlaine songs, especially "Mandoline" and "Green," rather better than Strauss' "Morgen" or "Befreit"; in French music, the sound is not just attractive but natural. Beckmesser might have wished that in the closing number of an Italian bel *canto* group, a most delicately dramatised account of Donizetti's "La zingara," the "Z" had been delivered in the Italian rather than the English manner. In the first of three encores, a ravishing "Last rose of summer," *even he could have found* small employment.

Philharmonia/Festival Hall

David Murray

If Sunday's concert by the Philharmonia looked routine on paper, it was redeemed by vital, incisive playing. The Swiss conductor Charles Dutoit (best known for his work with the Montreal Symphony, who will tour Europe with him next season) had perfectly definite ideas about all the music, and a correspondingly assured beat. Even in the Fourth Symphony of Chaikovsky, which got an unwontedly astringent reading, there was a steady crackle of dry electricity: no sympathetic indulgence, but sharply graded dynamics and much subtlety in the shaping. The orchestral attack was properly brilliant.

Ravel's suite *Ma mère l'Oye*, performed with the Prelude and the "Danse du rouet" that Ravel added for the orchestrated ballet version, was delivered in faultless style. Dutoit balanced its delicate colours with a sure hand, and the essential touches of discreet *rubato* were accomplished without the least stretching of the musical fabric. The formal logic of each little pièce was lucid, the tempi rigorously pursued; the authentic cool tenderness was felt throughout, with something warmer and more expansive for the magical awakening of "Le jardin féerique."

Yefim Bronfman was the soloist in furiously athletic account of Prokofiev's Third Piano Concerto. His speed, *élan* and steel-fingered accuracy were impressive; the gentler passages of the Andantino were turned with taste, if without any special grace. Both the long first-movement crescendos in semiquavers began solidly loud, sacrificing excitement for clatter, and the small grotesqueries that Prokofiev slipped into the Variations and the Finale sounded less wry than just harsh and emphatic. With Dutoit's alert accompaniment, however, the whole work had an undeniable stamp of character — and as much sheer drive as one can imagine.

Vermeer Quartet/St John's

David Murray

Always welcome visitors, the Vermeer Quartet appeared in yesterday's BBC Lunchtime Concert. Again one was struck by the aptness of their collective name: the rich hues and depth of their sound are always striking, and an "old master" quality is just what they suggest (though something quite different no doubt prompted their christening). It was hardly compromised, this time, by traces of imperfect pitch up in the ledger lines and in unisons between the violins—the breadth and poise of their playing are secure against such tiny lapses.

Their principal offering was the first "Rasumovsky" Quartet of Beethoven, op. 59 no. 1, almost a programme by itself, but they prefaced it happily with fragments of late Haydn—the two completed movements of his quartet op. 103. Smoothly eloquent, they allowed the expressive power of Haydn's boldly chromatic writing to emerge without strenuous insistance. With the arrival of the Trio of the Minuet, the effect of sun bursting suddenly through was beautifully achieved. One regretted more than ever that the composition was broken off.

The F major "Rasumovsky" enjoyed calm strength, judicious phrasing and the full patina that is the Vermeer hallmark. Other quartets may make more of Beethoven's jokes; the first hearers of the work certainly found it challenging and disconcerting in ways that the suave Vermeer reading would hardly let one guess at. But there was nothing unidiomatically bland in the performance: it was too searchingly musical to deserve any such reproach, to responsive to quick turns of thought, and scrupulous about keeping the grand structure of the work clear. No dramatic explosions, but a noble landscape in oils.

London Jazz Big Band/100 Club

Kevin Henriques

The 15-piece London Jazz Big Band, led by pianist Stan Greig, has been an irregularly performing outfit since its inception in the mid-1970s. It contains some of the best-known and busiest musicians on the local scene which is one of the reasons they cannot play together more often. Which is a pity because, judging by their entertaining three sets last Saturday at this long-standing Oxford Street venue, they produce the kind of stirring sounds and brash excitement infrequently heard these days from that rare species, a British jazz-*only* big band.

The LJBB's repertoire, along with the quality of the *musicians*, is its main captivating feature. Familiar roaring pieces such as "Flying Home" and "Jumping at the Woodside" are mixed with originals from within the band such as John Picard's "Golden Apples of the Sun" and Al Fairweather's intriguing title, "Oxo-Gin," plus surprising choices such as Gary Burton's "Country Roads" and Neal Hefti's "Double-O."

Everything is played with rare gusto and the listener is left in no doubt that the musicians are giving their all. This is a full-blowing unit, raucous, short on subtlety and, on Saturday, ragged in places. Because the 100 is not an ideal location for a big band the overall balance was not always good and as the club was not sufficiently crowded the sound reverberated a lot.

Solos were generously handed round the personnel with most—and most notable—contributions coming from trumpeter Colin Smith (wittily beginning his solo on "Shine" with a quote from another tune associated with Louis Armstrong, "The Faithful Hussar"), trombonist John Picard, skilfully manipulating his plunger mute, and saxists Willie Garnett (alto), Phil Day (tenor) and Olaf Vas (baritone). Leader Stan Greig modestly under-featured himself but his boogie-woogie introduction and subsequent under-pinning gave huge impetus and fire to "Roll 'em Pete."

Hopefully the band's spirit came over faithfully on their broadcast last Sunday during *their session specially recorded* for BBC's *Sounds of Jazz*. The next chance to hear it live is on Easter Sunday, April 3, at the Half Moon, Putney.

Sirocco/Glasgow Citizens'

B. A. Young

At first I wondered what was up when the two old ladies in the first scene of Noël Coward's deplorable romance spoke their lines so badly. When they were joined by old Mrs Griffin, still more when Francine came on, shouting and waving her tennis racket, I realised that Philip Prowse's intention must be to have the play done as if by amateurs. As it is written as if by an amateur, this is an apt idea; but it doesn't last through the evening, nor does it explain why the play should be done at all.

Francine in her Lenglen bandeau, Sampson Crutch with his red nose and stiff legs, Sirio's stuffed dog—these are deliberately comic creations that suggest the circus ring. But poor Lucy Griffin, on whom depends the whole of such plot as there is, has to be taken seriously or there is no plot at all. At her first appearance, Katherine Kitowitz presents her so nearly expressionless she might just have risen from her sarcophagus, and to be married to such a macabre bore as Stephen (Lorean Cranitch; resolutely pushing his stomach forward to suggest a rich businessman) would indeed deprive the gayest girl of life.

Lucy, alas, is anything but gay. Sirio, the most romantic Italian imaginable, persistently makes love to her, but she automatically rejects him until it is time for the Act 2 curtain line. When she does leave her *husband* and moves *into* Sirio's love-nest, her main contribution is to fuss about the housekeeping. In the last act, having successfully shouted at the revengeful Stephen to go away and leave her alone, she also discards Sirio. "I'm free!" she breathes when they are both gone. Neither English boureois love nor Italian romantic love suits her. What will she do, being free, Coward does not tell us; nor does it really matter, as he himself realised on second thoughts ("weak and indecisive," is what he called the final act).

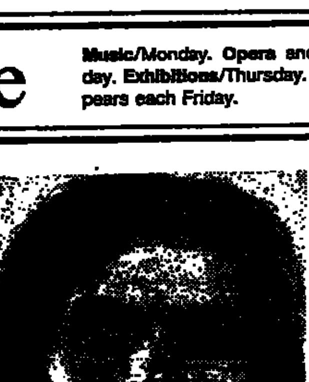
But at least, with the grotesques off, Lucy has a chance to act a little, and Miss Kitowitz does all that can be done with such hollow writing. Robert Gwilym as Sirio has no *chance to match her, for his* part is foolishly artificial, and he has not even tried to put on a suitably artificial handsomeness to help it out.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

March 18–24

Opera and Ballet



Rudolph Nureyev: in The Sleeping Beauty, Paris

PARIS

La Traviata conducted by Alain Lombard with Wilhelmenia Fernandez alternating with Andrea Esposito in the role of Violetta and Alberto Cupido in the role of Alfredo. Opera Comique (296 0611).

Fledermaus – a controversial production with music-hall elements – conducted by Ralf Weikert with Gino Guilico. Ileana Cotrubas, Janet Perry and Siegfried Jerusalem alternating with Alan Titus, Barbara Daniels, Norma Burrowes and Neil Rosehein, and Figaro's Hochzeit conducted by Ralf Weikert with Margaret Price/Ruth Falcon and Jose Van Dam. Paris Opera (742 5750).

The Sleeping Beauty danced by the stars and the ballet corps of the Paris Opera with Rudolph Nureyev as guest dancer. Choreography by Rosella Hightower after Marius Petipa. Palais des Congres (758 1456).

Maurice Bejart and his XXth century ballet conducted by Sylvain Cambreling: Stravinsky's "L'histoire du Soldat" – TMP-Chatelet (261 1983)

WEST GERMANY

Berlin Deutsche Oper: Tosca with Ingvar Wixell as Scarpia. Orpheus and Eurydice with Helen Donath, Hanna Schwarz und Gudrun Sieber. Madame Butterfly, sung in Italian.

Hamburg Opera: Der Troubadour with star cast Julia Varady and Sherill Milnes. Also this week Hoffmann's Erzählungen with Neil Schicoff, Ariadne with Marjana Lipovsek and Dieter Weller. Don Carlos starring Nicola Martinucci, Jelena Obraszowa and Ruggero Raimondi. Zemplinsky's Der Kreidekreis is premiering this week in Hamburg for the first time, produced by Herbert Wernicke with Beatrice Niehoff and Guillermo Sarabia in the main roles.

Cologne Opera: Parsifal, produced by Jean Pierre Ponnelle, is premiering this week with Peter Lindroos and Waltraud Meier. Also Turandot and Orfeo ed Euridice.

Frankfurt Opera: Der Türke in Italien, with Paula Page and Gerolf Scheder. Un Ballo in Maschera with guest singer Mara Zampieri as Amelia. Hans Neuenfels' ultra-modern production of Aida, Die Entführung aus dem *Serial* and *My Fair Lady* rounds off the programme.

Munich Bayerische Staatsoper: Das Liebesverbot, a Jean Pierre Ponnelle production, and La Boheme in Italian with Gabrile Benackova in the title role. Cosi fan tutte conducted by Munich's opera director Wolfgang Sawallisch; Elektra, with Ingrid Bjoner and Theo Adam.

Berlin Opera: Schwanensee choreographed by Kenneth MacMillan (Sat). A ballet-evening danced to music by Maurice Ravel jointly choreographed by Kurt Jooss, Maurice Bejart and Jeorge Balanchine. (Wed).

LONDON

Royal Opera, Covent Garden: Die Zauberflöte, in August Everding's jokey production, returns with a strong cast (Popp, Burrows, Prey, Howell), and Colin Davis as conductor.

English National Opera, Coliseum: Dvorak's Rusalka, not shown in London for many years, is presented by the controversial ENO team of David Pountney (producer) and Mark Elder (conductor). Further performances of Il trovatore, with Rita Hunter's Leonora not quite recapturing the glory of its past best; and Rossini's Cinderella with the dashing Della Jones in the title role.

Royal Opera House, Covent Garden: Peter Schaufuss is guest with the Royal Ballet and can be seen as the hero Colas in La Fille mal Gardée on Friday, and again on Tuesday as the loony Alain, which is a nice double. On Thursday the MacMillan triple bill is on view.

Sadler's Wells, Rosbery Avenue: Ballet Rambert *plays a double bill of* Bruce's dark Requiem and Taylor's Airs on Friday and Saturday; then changes to include a new Richard Alston work from Monday.

NEW YORK

Metropolitan Opera (Opera House, Lincoln Center): The last seasonal performance of Die Rosenkavalier conducted by James Levine with Kiri Te Kanawa accompanies Di Walkure, Don Carlo and Madama Butterfly, as the spring season reaches its midpoint. (580 9830).

The Hamburg Ballet, Brooklyn Academy of Music: Repertory works choreographed by artistic director John Neumeier are set to music by Richard Strauss, Bach and Mahler. (30 Lafayette Av, 636 4100).

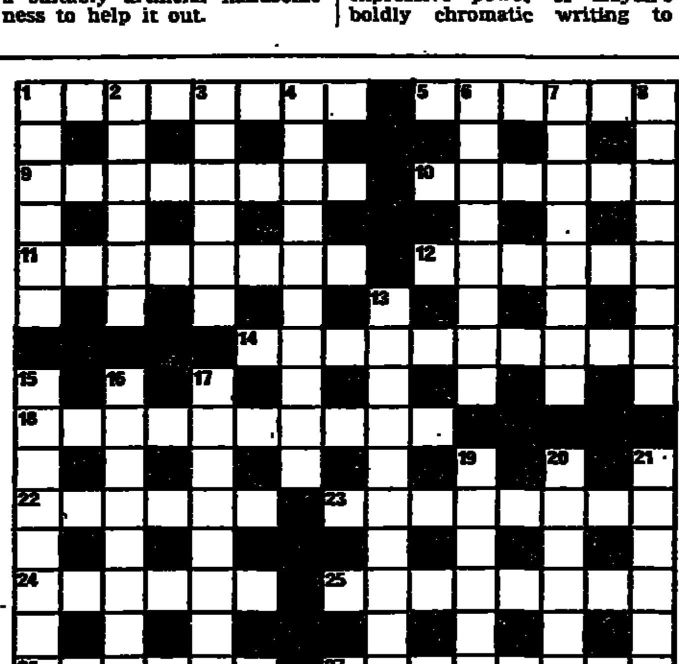
Merce Cunningham Dance Company (City Center, 55th e. of 7th Av): Now a modern classic, Cunningham brings ten familiar and one premiere to this short but rewarding season. (581 7907).

VIENNA

Staatsoper (5324/2655): Der Barbier von Sevilla, Salome, Rigoletto in repertory. Ballet on Sun, Swan Lake; Wed, Scheherazade.

Volksoper (5324/2657): Der Graf von Luxemburg, Das Feuerwerk, Die Entführung aus dem Serail in repertory. Ballet on Fri and Mon.

F.T. CROSSWORD PUZZLE No. 5,128



ACROSS

1 Union papers flung about? (8)
5 Pickpocket as a young boy. (6)
9 Littorally, source of main sound? (8)
10 Part of neck indicating untidy person (6)
11 Pipit in modern music caper (4-4)
12 Paltry amount for statesman (3-3)
14 Cold spell to continue wearyingly, yet antirrhinum will be revealed (10)
18 Universal joint trouble? (10)
22 Cut deal perhaps—doctor in row (6)
23 Self-caterers got sites mixed up (8)
24 Like long stories—type found in the Spanish? (6)
25 Alice playing around ring-road—third girl in play (8)
26 Is in awe of wild adders (6)
27 Bothersome insects coming from new jersey, say? (8)

DOWN

1 Foot in words with Conservative leader, a sure outcome (6)
2 Nuisance is leaving — there is a subtle difference of tone (6)
3 Nasty hex on beer — one is thus asked to use breathalyser (6)
4 Patiently allot entry-form (10)
6 One of thirty-six loppers in the yard (4-4)
7 Graphite provides power over backache (8)
8 Disproving Eng. fruit can be chopped up (8)
13 Ringlet, say, in security device (6-4)
15 Spurge for battle on river (8)
16 Poison compounds make Tom, in pain, run to earth (8)
17 Not working to rule? (4-4)
19 eg specks put up for use in spotted dick, for example (6)
20 Wagnerian heroine, that is, about to be flogged? (6)
21 Tests of Emerson's output (6)

Solution to Puzzle No. 5,127

FINANCIAL TIMES

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Tuesday March 22 1983

Second stage of the bank crisis

THE EFFECTIVE fire brigade operation mounted by the central banks, the Bank for International Settlements and the IMF since last summer has taken the international banking crisis out of the headlines, but it is by no means over. The banks now hold still larger claims against a group of weak borrowers—some who are in temporary difficulties because of high real interest rates and the trade recession, and some who have little realistic chance of meeting their obligations.

Meanwhile, debt service obligations continue to grow far faster than the money value of debtor-country exports, so that the important debt service ratios continue to deteriorate. The long-term hope of reviving trade, sharply improved terms of trade, and more normal real interest rates, which would genuinely solve the problem for most of the problem borrowers, is unfortunately only a little nearer to realisation.

In some ways we are faced with a classic instability, in which market fears are likely to be self-justifying. Worries about international debt and government deficits hold up interest rates, while high rates ensure that the problem goes on getting worse.

Support

It is not surprising, then, that numerous proposals are beginning to emerge to address the underlying problem and to consolidate as much as possible of the debt overhang in a form which would allow credit operators a decent night's sleep. In this second stage of the crisis, however, two quite distinct strains of thought are beginning to emerge.

The disciplinarian school, which has strong support in West Germany, Holland and Switzerland and among monetarist economists in the U.S., argues that the rescue has bought time—and injected enough extra profits—to face up to the problem of default.

This school was represented forcefully by a statement issued recently by a group of U.S. economists headed by Professor Karl Brunner, an economist who has been very influential with the British Prime Minister. It argues against any form of bail-out for debtors or banks, on the grounds that bail-outs simply "socialise" the losses due to bad lending, imposing on the world trading community as a whole a cost represented either by renewed inflation or higher interest rates.

Losses, they urge, should be borne by those who have incurred them—notably by bank shareholders; even an insolvent bank can earn good future returns for its owners if they are prepared to restore the capital which has been lost.

This might be dismissed as a form of intellectual Puritanism, but it is likely to make itself felt in a practical way as the temporary arrangements made in recent months fall to be renewed, for a number of important banks which are not themselves excessively exposed in country lending will be unwilling to join again in the process of rescheduling and enhanced lending which marked the first phase.

Proposal

Those who yearn for a smoother adjustment—an international lifeboat, as it were—are therefore inclined to see an ever-bigger role for the IMF in the consolidation stage. This thinking is represented in a proposal published yesterday by the Group of 30 for an early start to market borrowing by the IMF, as a form of bridging finance to keep resources flowing until the quota increase agreed in the Interim Committee can become a fact, about one year from now.

Any proposal for IMF market borrowing is likely to be greeted very suspiciously in the quarters which have always opposed such a step—notably in Washington and Frankfurt (although the new report bears the signature of Dr Otmar Emminger). As a principle, this is absurd: the end has been willed, and some means must be provided in the meantime.

However, the Group of 30 proposal goes beyond the principle of market borrowing to the proposed practice of bank loans to the IMF at floating interest rates. This appears absurd at the other extreme: a reconstruction must involve a reduction rather than an increase in bank intermediation, and a return to contracts in which money or real cost is known and fixed in advance.
It is not too early at least to start hardening the soft approach.

Trade warning for Europe

WHEN OFFICIAL Washington begins to think aloud about complementing the General Agreement on Tariffs and Trade (Gatt) with other trade arrangements, the rest of the industrialised world would be wise to take note.

The Reagan Administration was deeply disappointed by the lack of substantial achievements at the Gatt ministerial meeting last November. Little, if any, progress was made towards Washington's main objectives. Concurrently with that disappointment, pressure is growing in Congress to protect industries struggling in the recession. For instance, a Bill is pending which would make foreign motor manufacturers use a minimum proportion of American-made components in cars destined for the U.S. market.

Though it is officially devoted to Gatt and to free trade, Washington has more than once strayed from the path of virtue. Like the Europeans, it has negotiated a self-restraint agreement with Japanese motor exporters. That may not contradict the letter of Gatt, but is hard to square with the Gatt spirit of non-discrimination.

Assumption

Washington has made freer use than its trading partners might wish of American legislation intended to curb foreign dumping in U.S. markets. It has retaliated against subsidised exports of EEC farm surpluses by itself subsidising a sale of flour to Egypt.

It would not be in the interests of world trade for Washington to be pushed farther down this road. Moreover, it is hard to reject out of hand an assumption gaining ground in Washington that Gatt may have to adapt to changing patterns of world trade. That assumption appears to have inspired statements from U.S. trade officials last week who put forward rather unstructured ideas for a group of nations to pioneer an improved Gatt system. Others could follow once they are ready.

As a stimulus to discussion such ideas may have merit. But as put forward they are calculated to undermine Gatt, one of the most important achievements of the post-war world. Dividing the world into a fast convoy of free traders and a slower convoy of the cautious would strike a blow at the multilateralism and universality which is the chief principle of Gatt.

Approach

Trying to make Gatt institutions work more smoothly would be a more rational approach in the interests of all. Yet Europeans and others need to realise that stonewalling is not an adequate response to what is happening in Washington. Europe would be the heavier loser in any trade war, whether involving farm produce or industrial goods.

The EEC should reconsider its insistance at the Gatt ministerial talks that it must be allowed to take selective action against import surges, meaning measures aimed at particular rather than all supplying countries. If Europeans cling to selectivity, they have only themselves to blame if the U.S. does likewise. What is sauce for the Japanese today may be sauce for Europe tomorrow.

The EEC will also have to find a more realistic farm policy if it is to avoid agricultural trade war. American practice in this field is not unexceptionable, but Washington is in the right when it accuses the EEC of invading the markets of others with its subsidised farm exports. There is a danger of a particularly vicious circle: European dumping provokes American counter-dumping which, in turn, makes the EEC resort to heavier subsidies—and so on.

At a meeting last week U.S. and EEC officials agreed to try to avoid such a nonsense. In itself that is welcome news, but does not go far enough to banish the danger of future confrontations. A concerted effort is required to revert to the principles of Gatt and to apply them in areas such as agriculture where they have not hitherto been respected.

BRITAIN'S NORTH SEA OIL

The shake-out yet to come

By Ray Dafter and Carla Rapoport

A CHANGE IN FACE and character is in store for Britain's North Sea oil industry.

Falling oil prices have increased the risk and uncertainties of high-cost offshore development to a point where many exploration companies, especially the smaller punters, might decide to play safe and cash in their chips.

On the other hand the Government is providing taxation relief aimed, in part, at offsetting the impact of oil price erosion. Sir Geoffrey Howe, Chancellor of the Exchequer, announced in his Budget last week that tax changes would provide North Sea oil producers with an additional £800m of cash flow over the next four years. Even greater relief is in store for companies which now embark on new developments.

No one was more surprised with the extent of Sir Geoffrey's generosity than the oil companies, even though for years they had been pleading with the Government to reduce their tax burden.

However, this was no altruistic move on the part of the Chancellor. The Government was worried that in the light of dropping oil prices and smaller and smaller discoveries, North Sea development could dry up.

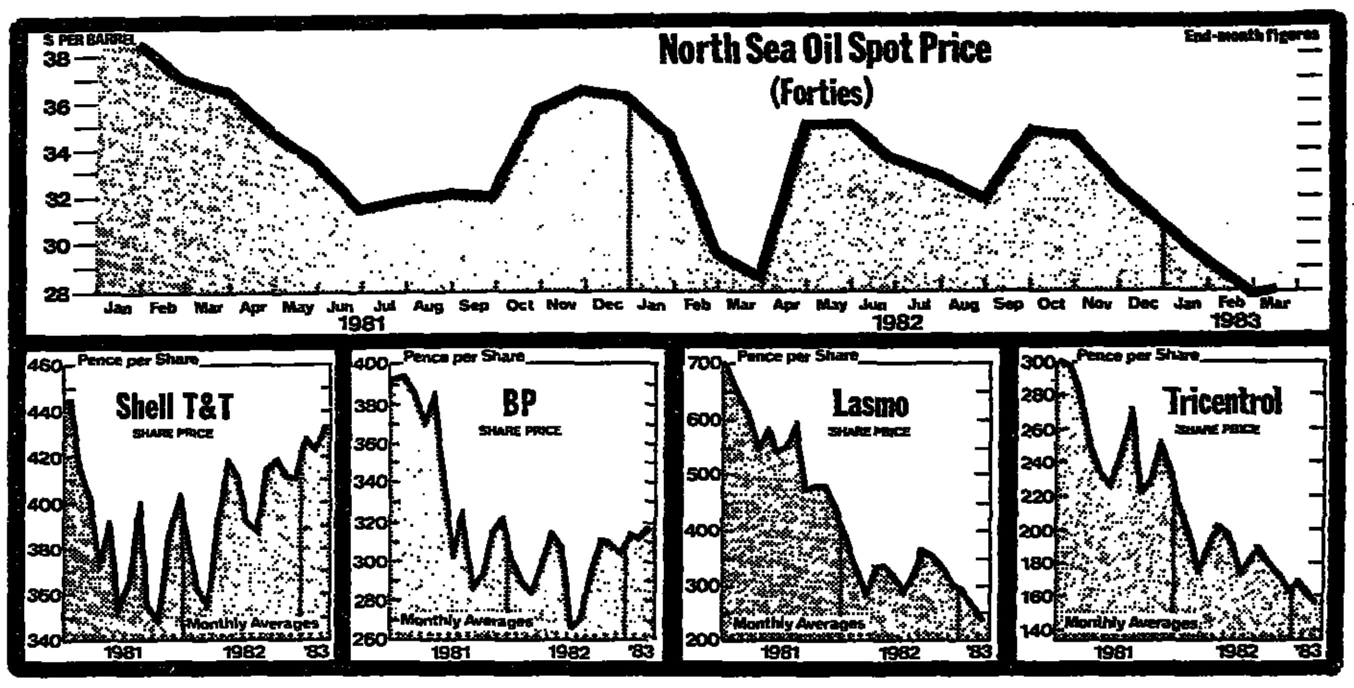
After all, UK offshore development has so far generated some £30bn worth of investment in current money values. Well over 20,000 exploration and production workers are employed offshore while on the mainland at least 100,000 people are involved in providing equipment and services. Perhaps most important of all, the UK's oil production—now the fifth highest in the world—is providing the Government with more than £8bn worth of tax revenue a year.

The Government, naturally anxious to maintain these benefits, hope that its Budget measures will revitalise development activity so that North Sea production can stay at a high level (at least above the rate of UK oil consumption) until at least the end of the decade.

No fewer than 284 companies aim to be part of that revitalisation, each one holding an interest in at least one licence to drill on the UK continental shelf. However, the new economics of the North Sea—prompted both by Sir Geoffrey's concessions and falling oil prices—indicate that a shake-out of some magnitude could be on the way.

Sir Geoffrey has effectively reduced the costs of drilling for new oil by allowing companies which are already producing petroleum to set off all their exploration and appraisal costs against their petroleum revenue tax (PRT). This benefit is relatively useless, however, to the smaller companies without any oil production or taxation to offset.

"The atmosphere will be more fraught than ever before between the big companies and the little companies. The little ones will be spending real cash money while they shoot craps, while the big ones will be more inclined to drill marginal holes because of the tax breaks," says an executive who looks after the oil investments of one of Britain's largest financial institutions.



Chris Walker

The upshot is likely to be a spate of consolidation through mergers or acquisitions as the well-financed companies begin to prowl for suitable purchases among the North Sea players.

One of these deals has just taken place, with Clyde Petroleum buying up Saxon Oil in a £20m deal. Saxon had a good deal of exploration activity, but no oil production to speak of, which prevented it from raising more cash. With the injection of Saxon's activities, Clyde is a much more tax efficient animal, especially in the light of the Chancellor's recent concessions.

The prowlers will tend to be the middle-sized independent groups which have grown up with the North Sea's development. But they could be:

- The giants—big companies like British Petroleum and Mobil which might want to buy unsuccessful drilling companies as much for their tax write-off value as their licence acreage.
- The bigger independents—companies like Charterhouse and Tricentrol already with some production but keen to build up their portfolio of drilling acreage.
- Hopeful independents—determined cash-rich exploration companies like Premier Consolidated, which not having been successful in their drilling programmes so far are keen to acquire more promising acreage.

"We were negotiating some purchases, but held off when the oil price started to wobble. With the budget concessions, we are back in again," says Mr Roland Shaw, Managing Director of Premier.

The smaller players have yet to admit openly that they are seeking to pull out of the North Sea, or looking for buyers. But AB Exploration, a division of AB Foods, admits that the gamble of exploring in the North Sea without any offsetting production is "even worse."

AB Foods went into the North Sea with scores of other new entrants in the seventh licensing round in 1981. "If prices were to fall very much more," says Mr Harry Baily, a director of AB Foods, "it would be painful. We've got to take it slowly. We went into the North Sea on a long-term basis, so we're taking this seriously," he says.

Prices are of crucial concern to all the companies. With oil in new fields costing up to $20 a barrel to appraise, develop and exploit, the offshore industry is becoming increasingly nervous as market prices slide well below $30.

Not that falling prices are having an immediate, dramatic impact on company margins. High taxation — up to 90 per cent for the most profitable fields — sees to that. For companies with interest in mature fields like Forties and Ninian, most of the oil price decline is being absorbed by the Exchequer.

Moreover, the pound's decline against the dollar has, up to now, effectively maintained the sterling price of North Sea oil.

Development costs on older fields have also been well amortised. As a result, according to stockbrokers Scott, Goff, Hancock, companies merely have to fund production costs, in the case of the Ninian Field an estimated $4.45 a barrel. On this basis it could be argued that oil prices would have to fall into single figures before some fields would be shut in.

Nevertheless, says Mr Graham Hearne, chief executive of Tricentrol, "if we had a draconian and killing price war and prices dropped to $15 a barrel, with no help from sterling, then no project on the books we have got would make sense"

So far, publicly, the industry is putting on a brave face. Mr Chris Greentree, the tall, lanky Canadian who heads Lasmo, one of Britain's largest independent oil companies, sums up the mood best: "You've got to take a 10-year view. A two-year glitch in the oil price shouldn't affect that. At the end of 10 years there will be less oil in the ground and the world will be running out."

Lasmo, labouring under a fairly heavy debt-to-equity ratio recently asked shareholders for £45m by way of a rights issue, and the market's reaction has been fairly favourable.

Further, the company has now completed the refinancing of an £80m loan to develop its share of the Beatrice Field. The loan contains a £50m non-recourse element in it.

This means that if oil prices should drop over the cliff, the bank will have the financial burden on its shoulders, not Lasmo. Completing such a deal in the present climate of uncertainty, Lasmo believes, further underscores the fact that investors also recognise that the oil industry is a good risk in the medium term.

"They'll (the banks) have people jumping out of the 42nd floor before Lasmo will," says Mr Greentree. "We don't have a 42nd floor."

Lasmo reckons that the Chancellor's concessions on new development in the North Sea will save the company £860,000 out of every £1m spent on exploration. "That will tip a few more wells over here from Indonesia," he says. But investment decisions still take time and the effects of the concessions are unlikely to be felt until companies' 1984 budget cycles, with projects getting the green light at the end of this year.

Compared to the small players, the large integrated companies, like British Petroleum and Royal Dutch Shell, are less exposed to short-term price declines, if only because their refining, marketing and chemical operations stand to benefit from lower oil prices. Even so, a planner at one of the majors confessed last week: "We're as confused as anyone on what prices are going to be."

Sir Geoffrey's concessions have had a calming effect, however, on the shell-shocked industry. Indeed, work on two fields—North Alwyn and Clyde—had already begun last year, leading many to speculate that the industry had an idea that help was on the way. Under the Budget proposals the two fields qualify for new field tax concessions.

Future prospects which will benefit from the concessions include the Balmoral Field, North Brae and the East Forties, developments which will cost well over £2bn.

These projects point the way towards a resurgence of development activity for there is still a great deal of UK oil to exploit. So far only 3.4bn barrels have been recovered.

That leaves some 6bn barrels of "proven and probable" recoverable reserves waiting to be extracted from existing commercial fields and a further 5bn barrels of reserves in unexploited discoveries. The UK Offshore Operators Association, representing leading North Sea companies, says it has identified well over 30 fields which could be produced given the right price and tax signals.

These fields will be needed: For as Mr George Williams, UKOOA's director general commented: "If the UK is to remain self-sufficient in oil into 1990 and beyond, the industry needs to go ahead with the development of a small field—say of 80m barrels recoverable reserves—once every 50 days."

That means the pace of exploration, which has picked up in the past year or so, must also be maintained. The prospects are there, even if the discoveries are likely to be smaller and in more challencing locations than the early fields.

For having scanned the geology on the UK continental shelf—including the English Channel, the Western Approaches and the Atlantic north west of the Shetland Islands—the Department of Energy reckons it is possible for oil companies to discover a further 7.2bn to 21bn barrels.

"The North Sea boom period may be over but the Continental Shelf is still a thriving area, especially as it has been given a modest but significant boost by proposed Government tax changes," said Mr Martin Lovegrove, an oil consultant specialising in the North Sea. "But the bulk of exploration and field development will in future be done by the established producers who now have a fantastic tax advantage over independent non-producers."

"Perhaps the Government did make a mistake allowing the yogurt-makers and the hoteliers in, but there have always been the haves and the have-nots in the North Sea. This will now be exaggerated," he said.

THE EFFECTS OF THE BUDGET

FORECAST PROFITABILITY OF NEW NORTH SEA FIELDS

% real internal rates of return

	Pre-budget tax system A	Pre-budget tax system B	Pre-budget tax system C	Post-budget tax sysem A	Post-budget tax sysem B	Post-budget tax sysem C
Alwyn North	17.3	14.0	32.0	21.2	17.6	40.4
Clyde	10.4	8.0	20.2	13.5	11.3	26.15
Andrew	16.3	13.5	29.8	20.9	17.6	37.0
Balmoral	19.8	16.9	37.5	26.0	22.4	46.0
T-Block	17.2	15.2	29.8	20.63	18.3	35.0

"A" assumes a 1983 North Sea oil price of $30 a barrel, $31.9 in 1984 and rising thereafter in line with inflation to the end of the century. "B" assumes a fall in price to $26 in 1983, rising to $30 by 1985 and then remaining constant in real terms to 2000. "C" assumes a real 15 per cent price increase every third year, with a real price fall in the intervening years. The fields illustrated have been given development consent since April 1, 1982, or are likely to be approved in the near future.

Source: Surrey University Energy Economils Centre

Men & Matters

Theatre circles

London's West End theatre may have been through a difficult patch but one promoter who has weathered it better than most is Revuebar owner, Paul Raymond.

Raymond is now offering £2m—all of it his own money — for the Piccadilly Theatre, currently in the middle of the debacle over the musical "i" which was called off last week before it even opened. The theatre has been converted at great expense into a theatre restaurant with dining tables replacing rows of seats.

The Piccadilly, 80 per cent owned by Associated Newspapers, publishers of the Daily Mail, has rejected Raymond's initial approach but he tells me he is considering a formal bid.

A statement from the theatre that the £2m offer did not reflect the full value of the site suggests that a higher bid might be given more thought.

"The theatre is worth £2m to me at the moment because they have converted it into a theatre restaurant," says Raymond. "But if they converted it back to a theatre I don't think it would be worth two bob."

Raymond's Windmill Theatre, now renamed La Vie En Rose, and converted to a theatre restaurant at a cost of £1.25m, reopened last November and is playing to packed houses, he says. His other theatres, the Whitehall and the Revuebar are doing nicely while the Boulevard Theatre is closed for alterations.

The Piccadilly, though empty, is not out of pocket itself. The "i" promoters are paying rent until they return with a new show in mid-May.

But if Raymond has his way, the next show would be a lavish revue — quite a change from the last two productions of "Toad of Toad Hall" and Jonathan Miller's "Hamlet."

"Hope the Romanian business soon blows over—Number Ten is still giving us hell about letting Karl Marx in"

Slim figures

East Germany's foreign trade bank Deutsche Aussenhandelsbank (DABA) has produced its first annual statement for the benefit of western banks. But after perusing the contents, bankers are generally agreed the information gap still yawns.

The bank has issued a total of just eight figures about itself including its annual profit of 800m East German marks.

The balance sheet, it says, has been examined and confirmed by the audit department of the East German finance ministry.

Western bankers are complaining that such information as total assets of 53.8bn marks, and total liabilities of 53bn marks does not tell them very much.

They note that the DABA profits may have come from currency gains, interest, and even from the sale of precious metals. Last year East Germany sold £48m worth of silver on the London market. The East Germans have been straining to repay punctually their $9bn debt to western banks plus $1.5bn in cumulative debts to West Germany.

In its glossy statement DABA cannot resist one "Holier than thou" jibe at the western banking system. While many banks the world over are currently badly handicapped by the "financial difficulties that numerous countries have experienced," says the bank, it is not one of them.

Bootlegger

Not even the evidence of his ability to walk a straight line after a drinking bout saved 27-year-old Kim Petznick from a night in jail in London, Ontario.

A policeman told the court he stopped his car when he saw Petznick weaving his way down the road towards him. Petznick straightened himself up, then, in the words of the officer, "stepped up on the hood and — thump, thump, thump — walked across the top of the car and down the rear."

No sale

Jersey's Ann Street brewery, which is to open the new £5m St. Pierre Park hotel in Guernsey just after Easter, was startled to be told the other day that the property had been advertised for sale in the FT. It hadn't.

That was just one of a spate of rumours about the hotel being sold or put on the market that has plagued the brewery during a hectic rush to get the place ready for a grand opening at the start of the season.

Among other publications reported—wrongly—to have carried "for sale" advertisements for the hotel are an American newspaper, Country Life—and—somewhat improbably—Horse and Hound.

Ian Steven, chairman of the brewery, first tried to ignore the rumours. Now he has decided that they have become sufficiently damaging to staff morale and to potential business for him to issue a categorical denial. "We are building the hotel to run it not to sell it," he says.

So far as the brewery's 700 shareholders are concerned good news has come out of these attempts to nobble the venture. The price put on the hotel by the rumourmongers has ranged from £7m to £10m—indicating a handsome profit potential if it ever were to be put on the market.

Chance remark

Discounting has become a fact of life in the UK motor trade and the managing director of one of London's larger distributors swears the following story is true:

Just after Maestro was launched, a known-to-be-hard-nosed fleet customer walked into one of the London showrooms. He inspected the car, then addressed the deferential sales manager: "Okay, I like it—but I want 15 off, right now."

The manager swallowed nervously and replied: "I'm sorry sir but it's a new car, demand is high and the most I can give you is 7½."

"Marvellous," beamed the buyer. "I actually wanted 15 cars."

Soft sell

Sign on a Lambeth market stall: "Feather-filled duvets. Buy now before down goes up."

Observer

Letters to the Editor

The Chancellor as a family man

From Mr P. Boys

Sir,—Following the announcement in the Budget that mortgage interest relief is now available on mortgages up to £30,000, readers may be interested to know that some potential borrowers will actually be worse off in the earlier years of their mortgage. The reason for this is that the benefit of the increased tax relief is more than offset by the fact that new borrowers will have to switch to the MIRAS system if their mortgages are not more than £30,000.

This will mean that a basic rate tax payer (probably the first time buyer in the South East whom the relief is claimed to help most) who could have borrowed £30,000 before the additional relief was granted and opted for a repayment *mortgage would probably have* fallen under the old system and had, in the first year, monthly payments, after tax, of £212.93 for a 25-year mortgage at a 10 per cent interest rate. The £212.93 is made up of a payment of £167.025 on £25,000 (with the tax relief) and £45,905 on £5,000 (without any tax relief).

Now with the relief increased to £30,000, the borrower will have to come under the MIRAS system which, because the tax relief is spread evenly over the life of the mortgage rather than being front loaded, will mean that the after tax monthly payment will be £214.53, a small increase over the old system of repayment and the lower tax relief.

Admittedly the new relief will be felt in later years; but will the new measures actually encourage or allow first time buyers to borrow more?

Peter Boys.
(Lecturer in Accounting),
Keynes College,
The University,
Canterbury, Kent.

From Mr E. Landau

Sir,—I am absolutely fascinated to know where the Chancellor and his colleagues at the Treasury get their figures from relating to increases in the cost of living. Almost every time my wife or any of her friends go shopping they find that the tin, *packet etc costs* a few more pence than the one purchased previously—in some cases only a few days before—which we still happen to have at home displaying the old price.

The latest example was last week when I paid 50p at a chemists for a packet of adhesive numbered spots. I purchased an identical packet from the same shop two or three weeks ago for 42p, ie an increase of just under 20 per cent. How can this be justified?

E. O. Landau,
Tressillian, 34 Packman Lane,
Kirk Ella, E Yorks.

European disarmament campaigns

From Mr R. Bruce Lockhart

Sir,—Monsignor Bruce Kent's letter (March 15) prompts me to add further comment to the debate on the Campaign for Nuclear Disarmament in your columns.

West Berlin has for many years now been held by the Soviet Government to have a very special status and anyone with even a little finger on the diplomatic pulse should know that Soviet protests about the holding of the disarmament convention relate directly to the choice of West Berlin as the venue. The Russians would prefer the convention to be held in almost any other city in the world.

As for the Monsignor's gibe at my living in a world of "the Good and the Evil," an incompatible idea apparently in his "real" world, one wonders whether he is suffering from some form of amnesia in relation to elementary Catholic teaching. Monsignor Kent should revert to his first duty as a priest, preparing souls for the next world, instead of meddling in politico - military strategy in this world and allowing himself to become a tool of Moscow—even if unwittingly.

Robin Bruce Lockhart,
37 Adelaide Crescent,
Hove,
Sussex.

From Major General R. Mans

Sir,—Mgr Bruce Kent (March 15) complains of criticism of the Campaign for Nuclear Disarmament on the grounds of guilt by association. He attempts to portray the movement as neutral between East and West by citing the attack by the state run Soviet Peace Committee on the forthcoming Berlin disarmament convention in which CND is participating. To suggest as he does that the "ventriloquist does not abuse his dummy" is I believe a highly simplistic interpretation of this attack. The Soviet propaganda machine has employed this device on many occasions. It is a favoured ploy to convince the audience that the doll is an independant agent.

Throughout 1982 and in recent weeks the Kremlin has indicated on innumerable occasions that it regards the Western anti-nuclear movement as manna from a Communist heaven. Boris Ponomarev and other leading Moscow ideologists are taking every opportunity to identify the propaganda advantages offered by exploiting CND and analogous organisations . . . . Moreover, impetus is given to these efforts by the pro-Soviet pronouncements made by many leading figures in those movements. One such example was when the then national organiser of CND stated on Moscow radio on June 7, 1982 that the difference between CND and the Soviet Peace Committee was that the former was trying to change government policy whereas the latter was supporting Soviet policy which was obviously in favour of peace.

The absurd implication that the British Government is not in favour of peace is I suggest yet another example of Soviet ventriloquistic art.

(Maj. Gen) Rowley Mans.
Kirke House.
Sway Road, Brockenhurst.

From Mr J. Johnson.

Sir, — Unlike your distinguished correspondent Rowley Mans (March 11), I am no major-general, merely a foot-soldier in the woolly-hat brigade presently mustering at Greenham Common.

Our movement has never advocated unilateral nuclear disarmament by "the West." The Campaign for Nuclear Disarmament owes its resurgence to the growing realisation among people of all political persuasions that the deployment of nuclear weapons in Britain is no longer the effective guarantee against nuclear war that it was thought to be just 20 years ago.

The appearance of highly accurate American cruise missiles is just the first indication, we feel, that soon all nuclear powers will seek the means to destroy another nation's missiles before they can be launched. With such power in hand, and no time to think, the temptation to risk a suicidal first-strike will one day prove overwhelming.

We are well aware that Soviet strategists, like their Nato counterparts, are eager to expand and improve their nuclear war fighting capabilities. Why do we not demonstrate outside the Soviet Embassy? Because the Soviet Union is a dictatorship whose leaders pay little enough attention to the yearnings of their own people.

Instead, we speak to those who profess allegiance to the will of the people. And our voice must be heard for the sake of every person on this planet and for generations yet unborn.

John M. Johnson.
(Tories against Cruise and Trident), 3 Halesden Road,
Heaton Chapel, Stockport.

From Ms N. Mayo.

Sir,—On March 15, Monsignor Kent, general secretary of the Campaign for Nuclear Disarmament asked for an explanation of the bitter attack by the *Soviet Peace Committee* on organisers of the forthcoming Berlin disarmament convention.

Perhaps the following extract from "We will bury you" (reviewed in the FT in "My book of the year," December 11, 1982) written by Jan Sejna, the highest ranking Communist ever to defect, will enlighten Monsignor Kent: "Our broad approach, under Soviet direction, was to help the (West German) SPD to gain power and hold it. . . . Moreover, the Kremlin ordered the Warsaw Pact countries to co-ordinate their policies towards the SPD to make it seem that we were responding to SPD initiatives and thus enhance the prestige of that party. But we had to take care lest the SPD be branded as pro-Communist, and so we would make periodical attacks on it. Meanwhile, we Czechs and East Germans channelled funds to sustain its left-wing faction."

Might I suggest that Monsignor Kent and his colleagues in the CND take the trouble to read this book. Can it be that the N in CND stands for Naive ? !

(Ms) N. Mayo.
10 Newlands Lane,
Hitchin, Herts.

Simulation of Labour's programme

From Mr G. Keating

Sir,—Jack Straw, MP (March 18) raises several points about our work on Labour Party policies. We carried out two simulations. One had a fairly successful outcome, one unsuccessful. The first assumed restraint in wage growth and, following recent statements by the Labour party leadership, import controls rather than further substantial devaluation. We included fiscal expansion two-thirds as large as assumed in recent work by Peter Shore. This reflects our judgement that larger expansion is not consistent with wage restraint. The second of our simulations assumed that wage restraint failed leading to a sharp exchange rate fall.

As Mr Straw says, in the LBS model a substantial deprecia*tion leads to wage rises that* eventually erode competitive gains completely. This property is not "*imposed*" on the model but has been carefully tested and *is* not rejected by the economic data. In most other models of the UK, wages rise in response to a devaluation. In the LBS model this rise is particularly rapid. Because wage projections are highly uncertain, our work on Labour party policies looked at two different outcomes.

Our conclusion was that on favourable (and not implausible) assumptions the policies produce faster growth than our central forecast based on a continuation of Conservative policies but we also showed that unfavourable conditions could produce both higher inflation and lower output. When a radical change of policies is being proposed it seemed sensible to us to discuss a range of possible outcomes; we did not intend to imply (and do not believe) that the result was bound to be disastrous.

Giles Keating.
London Business School,
Sussex Place,
Regent's Park, NW1

The Revenue and Parliament

From Mr C. Beattie QC

Sir,—I refer to the letter from Mr Nugee, QC (March 1) dealing with the tax position of United Kingdom resident beneficiaries who are the objects of a discretion vested in non-resident trustees. Mr Nugee indicates that the House of Lords' interpretation of section 42 of the Finance Act 1965 in *Leedale v Lewis* as imposing tax liability on such beneficiaries whether or not they have received any benefit under the trust is correct. If by that he means that a decision of the House of Lords becomes the law of the land, he is of course right.

But let us cease to be sycophantic to the House of Lords, which none of their Lordships would demand outside the House. I suggest that the House of Lords interpreted the *statute wrongly, a suggestion* which I could not as a lawyer make in any court short of the House of Lords itself, but which I can make in writing to a newspaper. Sub-section (2) of section 42 requires that a chargeable gain of non-resident trustees shall be apportioned among United Kingdom resident beneficiaries in such manner as is just and reasonable and according to the respective values of their interests. There is nothing just and reasonable in apportioning gains among beneficiaries who are mere objects of the trustees' discretion and who may never receive a penny, nor is such an apportionment according to the respective values of the beneficiaries' interests, since the interest of a beneficiary under a discretionary trust is not capable of valuation. It is reasonably clear that the liability of such beneficiaries is meant to be covered by sub-section (3), which applies only to beneficiaries who have received benefits through the exercise of a discretion.

The main reason why the House of Lords refused to accept such an interpretation as suggested above is that the reference in sub-section (2) to "any such amount" was read as referring only to the whole amount of the chargeable gain. But when such a reading brings about an obvious conflict with the "just and reasonable" requirement, something has to be rejected, and I submit that it would have been better to have rejected the contention that the whole amount of the gain had to be apportioned.

Furthermore, the House of Lords came near to legislating when it said that section 42 was apparently intended to secure that beneficiaries of a resident trust should not be at a disadvantage compared with beneficiaries under a non-resident trust. The statute neither says nor indicates any such thing; the House of Lords' decision in fact puts beneficiaries under a non-resident trust in a worse position than beneficiaries under a resident trust, since in the case of a resident trust it is not the beneficiaries (except in certain circumstances where a beneficiary takes absolutely) who pay the tax but the trustees.

The Inland Revenue has much to answer for in arguing in the courts for an interpretation of section 42 contrary to assurances given in Parliament when the section was in course of being enacted.

C. N. Beattie QC.
24 Old Buildings,
Lincoln's Inn, WC2

Cinema audience distractions

From Mr P. Littler

Sir,—I read with interest the correspondence (March 16) with regard to British cinemas.

I regularly attend cinemas in *south-west England and south* Wales and, contrary to many of your correspondents' views, I find the majority to be warm and comfortable. Those within the Rank chain tend to be better managed and maintained, although they do not usually show the best films.

The correspondence, however, only touches on what I regard as the overriding disadvantage in seeing films in the cinema, and that is the declining standard of audience behaviour.

When I was a child, less than 20 years ago, I was always taught that one should remain silent while watching a film and *if sweets had to be eaten then* Cellophane wrappers were to be avoided at all costs.

Today, it is common for people of all age groups to talk to their companions, without any attempt to whisper, throughout the exhibition of films and to rustle sweet wrappers constantly. This applies almost as much to "art-house" cinemas as to commercial cinemas.

Out of about 150 films seen in 30 different cinemas over the past year, I can only recall about 12 films when I was not at some stage distracted by other members of the audience.

Management and staff take no action whatsoever to control audience behaviour.

I have a particular fondness for cinema buildings generally and for seeing films on a large screen. I fear, however, that other filmgoers will shortly drive me to the seclusion of my own video recorder.

Philip J. Littler,
5 Steart House,
The Esplanade,
Burnham-on-Sea, Somerset.

Potential breakfast TV viewers

From Professor H. Henry

Sir,—Comment on the unhappy financial situation of TV-am has focused on the personalities involved: in fact it is largely determined by external factors beyond their control. Pressures on people's time during the early morning mean that the maximum *audience to be looked for then* cannot average more than 4 per cent of adults, regardless of the programme content. TV-am is currently gaining a relatively small share of this, but could never realistically hope for more than half, however the programmes and the presenters might be shuffled.

Even with an average audience (or rating) of 2 per cent, however, the really quite simple economic equations of TV advertising rates indicate an annual net revenue barely reaching £6m—a figure some way short of running costs. The *financial difficulties of TV-am* have been inherent in its structure from the start, and an improved share of the total breakfast audience would be of very little help.

(Professor) Harry Henry.
18 Esher Green, Esher, Surrey.

Impressed by a bank

From Mr P. Johnson

Sir,—In your issue of March 16 Mr J. Wright expressed his disappointment at the failure of Lloyds Bank to have the promotional material available for its young savers account.

While not disputing the information in his letter, may I record that my own branch, at Cheadle in Cheshire, was able to supply for both my children all the necessary documentation and promotional material in a most helpful way on my first visit to the bank.

P. R. Johnson.
27, Grange Ave,
Hale,
Altrincham, Cheshire

In an English country garden

From Mr V. Ellis

Sir,—Referring to Robin Lane Fox's stylish and amusing article on old tricks when dealing with garden pests (March 16). I've found: garlic cloves, planted round rose bushes discourage greenfly; a kettle of hot water, poured into drills prior to sowing, spurs on parsley; neither mothballs, smoke bombs nor caper spurge deter garden moles but a good shot from my bathroom window has accounted for many a rabbit.

I cannot spare sufficient hair to scare off deer and no wistaria is worth the sight of a rice pudding, even when accompanied by prunes at the Garrick Club. Try tea leaves, instead.

Vivian Ellis.
Holnicote,
Nr Minehead, Somerset

Automated Banking

The robots fight it out

By Alan Cane

A BATTLE is on among electronics companies for shares in the rapidly expanding and lucrative market for robot bank cashiers, otherwise known as automated teller machines (ATMs).

Banks have already invested a conservatively estimated $2bn in these machines, opening up new markets for manufacturing companies ranging from IBM, colossus of the computer world, to relatively small organisations like Diebold Corporation, the undisputed U.S. market leader.

But it is not only banks which are investing in ATMs. Britain's building societies, for example, are anxious to build their own nationwide system of shared *ATMs. And five UK banks*—including Barclays, Lloyds and Bank of Scotland — recently announced they had agreed to pool their networks of ATMs.

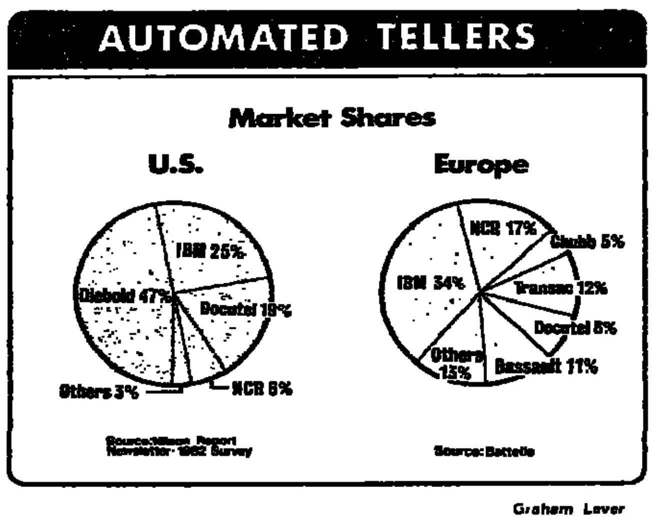
The world market has grown swiftly. According to Predicasts, the U.S. market consultancy, there were only 6,300 ATMs installed in the U.S. in 1977. By 1981 the figure had grown to 25,400 and it is estimated there will be some 90,000 in 1995.

In Europe, Battelle Institute, a marketing consultancy which has carried out a detailed market study,* estimates that the number of machines has grown from only 3,800 in 1975 to 11,000 last year. And in Japan, where the use of the ATM has been brought to a high art, some 27,000 ATMs and cash dispensers were in use at the end of 1982.

The manufacturer credited with first creating demand for ATMs in the U.S. is Docutel Corporation of Dallas, which had an 80 per cent share of the market by 1976.

But Docutel was let down by its technology and driven almost to bankruptcy as existing and potential customers turned to its competitors. It has now since re-established its reputation with a reliable and well-designed range — but too late to hold its dominant market position. Diebold and IBM are now the U.S. market leaders, while in Europe IBM probably just has the edge on NCR.

Docutel is still fighting, however. It recently merged with the U.S. interests of Olivetti, the Italian-based office automation multinational, which has effective control of the resulting company, Docutel-Olivetti. Olivetti's large customer base could give it valuable extra penetration in the market place.



Graham Lever

The wonder of the U.S. ATM makers is Diebold. An old-established company manufacturing bank security equipment, it has a chequered financial record, but most observers are agreed that it currently offers the most advanced machines on the market. They can even report money market rates, weather forecasts and football scores.

After a difficult start in robot cashiers—it had invested some $20m over seven years only to find its markets killed by the 1974 recession in the U.S.—Diebold struck lucky.

When the banks were ready to buy again, Diebold had reliable machinery for sale while its competitors were faltering.

In Europe, the picture is quite different. European banks and financial institutions may have come late to ATM's but the way in which they now use them is ahead of anything in the U.S.

For example, the largest European ATM network—that of French bank Credit Agricole—involves 1,600 machines. The biggest in the U.S., Day and Night Teller, the proprietary network operated by the First Interstate Bank of Los Angeles, has only 620 machines on its network.

IBM is the leading European ATM supplier; in the UK its machines are used exclusively by Lloyds Bank. The other UK clearers are using either NCR machines or a mixture of NCR and IBM machinery. Philips, the Netherlands-based multinational with significant interests in financial automation, is marketing the Diebold range of machines in Europe.

NCR whose 1,780 ATM (the NatWest "Servicetill" and Barclays Barclaybank) has proved very successful, has just developed a new device claimed to offer new reliability and a "voice response" feature. Bankers like the high reliability but think the talking terminal something of a gimmick.

NCR's marketing effort will also be boosted in Europe by the arrival of Universal Money Centres, a company which is suppling NCR ATMs to banks and building societies free of charge—the financial institution merely pays a monthly charge for its customers' plastic cards.

But, for the banks installing them, ATMs are proving something of a two-edged weapon. They were introduced as a sophisticated way of keeping the customer happy while keeping a lid on overheads. Yet specialists in ATM economics argue that it is hard to measure real savings.

Mr Peter Hirsch, of the Battelle Institute, says: "We are still only near the beginning of self-service in banking. It has mostly not been profitable up till now. But it may be . . . indeed, it must be, for the future of banking . . ."

ATMs can offer the banks a range of new marketing possibilities — which most of them have yet to exploit — but they also open traditional banking markets to rival financial organisations, such as the building societies.

"Building societies must offer payment services if they are to grow and protect their present business. ATMs are an essential part of this development," says Mr Peter Lumb, chairman of a Building Societies Association study group examining the issue.

But the manufacturers and installers of ATMs cannot afford to be complacent. Two immediate challengers are to get rid of queues at the machines and provide a 24-hour service.

On the first issue, there is likely to be a move to two different kinds of machine—a simple cash dispenser and a true ATM, providing a range of services including balance and statement queries. Some machines in the U.S. are said to provide up to 125 different service options, which could prove infuriating to the next customer in the queue.

Pooled ATM networks in general provide only cash. A Lloyd's customer will be able to draw cash from a Barclays ATM, but not obtain his or her account balance.

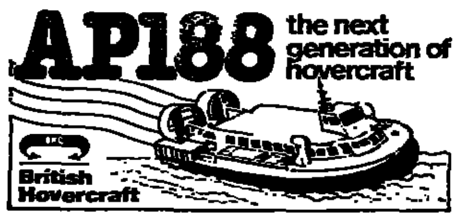
In the UK, 24-hour opening remains in question. The recent announcement on pooled ATMs indicated that Barclays has decided to move to "on-line" working. In other words, customers will be able to draw cash only when the computer centre is open because *every* transaction is referred back for clearance.

Lloyds has always operated this way, arguing that it provides the only true safeguard against fraud. NatWest and Midland will continue to offer on- and off-line working, their ATMs giving out cash off their own bat against information coded magnetically on the customers' bank card.

There seems little doubt that the ATM market is set for a period of rapid expansion. The chief threat on the horizon is the possibility of "banking at home" offered by personal computers and viewdata systems. But the companies involved in manufacturing ATMs should have the expertise to exploit this market as well.

* *ATMs and Cash Dispensers: a European Survey 1982. Battelle Institute London £850.*

A major survey on Electronics in Banking and Retailing will appear in the FT on Wednesday, March 30.



FINANCIAL TIMES

Tuesday March 22 1983

SPILLAGE MAY EXTEND 160 KM FROM KHARG ISLAND TERMINAL

Fears grow over Gulf oil slick

BY MARY FRINGS IN BAHRAIN

GULF COUNTRIES have declared a state of alert over a vast slick of heavy oil moving towards their shores. The slick is moving south from Iran's Nowruz oil field, near the main oil export terminal at *Kharg Island*.

The spillage follows one collapse of a single-well platform in February, apparently as the result of a collision, and missile attack by Iraqi helicopters on other nearby platforms in early March.

Saudi pilots on regular surveillance missions have found difficulty in tracking the slick's progress because it remains in the war zone of Iranian territorial waters. Three days ago, the outer rim was reported 19 km north-east of the Feridoon-Marjan field, which lies due south of the Nowruz field.

Patches of oil are also said to lie 20km and 32km east of the field, affecting an area possibly 160km across.

Unless the oil can be collected or dispersed, the slick could drift back and forth for months in the semi-enclosed Gulf waters, buffeted by *the variable winds. The oil is too* heavy – 20 to 21 API, compared with North Sea crude's figure of 37 – and too weathered to disperse easily, however.

The spillage rate is now put at 5,000 to 7,000 barrels a day (b/d), with approximately 100,000 barrels already disgorged. Apart from Iran itself, Saudi Arabia, Qatar, the United Arab Emirates and Bahrain are all at risk.

Efforts during the past week to persuade Iraq to give safe conduct to a team from the Red Adair company, waiting to begin emergency repairs, have failed. The team is now ashore in Dubai.

Mr Khalid Fakhro, newly appointed director of the Bahrain-based Marine Emergency Mutual *Aid Centre, is today expected to* meet meteorologists and pollution control experts from oil companies.

The centre's parent body, with headquarters in Kuwait, is the Regional Organisation for the Protection of the Marine Environment, of which both Iran and Iraq are members. A spokesman in *Bahrain* complained, however, that the organisation had no enforcement powers.

Another co-ordinating body, the Gulf Oil Companies Mutual Aid Organisation, *is said to be ready to act* on government instructions. But neutral members are saying that this is not their oil and want assurances about covering any clean-up *costs.*

The oil started leaking in the first week of February, when a single-well platform, which was shut down after being damaged, finally sank.

The helicopter attack which followed came as men and equipment were being mobilised to seal it off. A two-well platform and a four-well platform were set on fire, and another two-well platform began spewing oil.

European computer makers in research project

By Guy de Jonquieres in London and Paul Betts in Paris

ICL of Britain, Cii-Honeywell Bull of France and Siemens of West Germany – the three largest European-owned computer manufacturers – are discussing proposals to establish a joint centre to undertake long-term research on advanced *computing systems.*

The project, which may be expanded to include leading software (programming) companies in the three countries, represents the first *serious* attempt at collaboration between major European computer manufacturers for almost a decade.

The companies hope to take a firm decision later this year to set up a single laboratory, probably at a continental site. According to reports in Paris, it would have about 50 staff and a fairly modest initial budget of about £5m a year. But it could become the nucleus for wider co-operation later.

The centre's work would be linked broadly to the EEC's Esprit programme, which is intended to foster European collaboration in strategic areas of electronics, including research into advanced components, materials and the systems needed to build a new generation of "intelligent" computers.

Esprit was launched last year by the EEC Commission, with support from a dozen major European electronics manufacturers including ICL, Cii-Honeywell Bull and Siemens. The UK Government is also considering plans for a broadly similar national programme, which would cost £350m over five years.

The idea of a joint research centre was first proposed by M Jacques Stern after he became head of Cii-Honeywell Bull last year. The talks were expanded to include Siemens at the suggestion of Mr Robb Wilmot, managing director of ICL.

The last time European computer manufacturers agreed to pool their resources was in the early 1970s, when Siemens, France's Compagnie Internationale d'Informatique and the Dutch Philips group set up a joint company called Unidata.

THE LEX COLUMN

Brussels sprouts an omelette

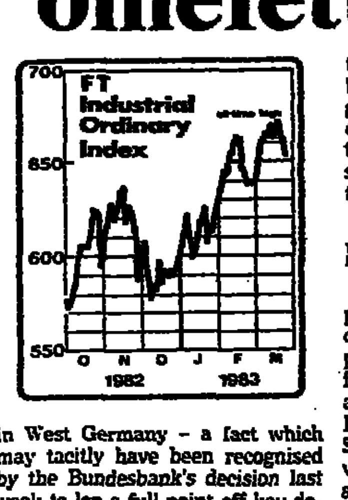
The European Monetary System has emerged from the most inglorious episode in its brief history with a realignment which, while unsatisfactory in detail, is more realistic than might have been expected on Sunday evening. The key D-Mark/French franc parities have been set at a level which should be sustainable, even under existing monetary and fiscal policies, for the next few months.

The foreign exchange market responded, as usual, more to the technical positions which had been built up ahead of the reshuffle than to the new parities themselves. The market had sold the franc short against the D-Mark, through the in*termediary of the dollar, over the* weekend and the covering of those positions yesterday had the predictable effect of pushing the franc towards the top of the new structure and the D-Mark towards the bottom.

It is a little surprising that, after all the public wrangling between Paris and Bonn, it is the minor currencies in the system which emerge with the more anomalous parities. The guilder might, on ground of either current account or inflation differentials, justifiably have been revalued in line with the D-Mark, while the 1.5 per cent revaluation of the Belgian franc against the ecu probably owes more to domestic economic priorities – and to the sensitivities of Luxembourg – than it does to the realities of the foreign exchange market.

For the time being at least, these anomalies need not matter. It is quite possible for the smaller members to adjust their parities unilaterally, as Belgium did last year, while the foreign exchange reserves of West Germany are sufficient to support weaker currencies with modest capital flows almost indefinitely if need be. Ireland, after all, sustained unrealistic parities until yesterday without resort to Saudi credits or stratospheric Europunt rates.

But the new arrangements will prove no more durable than the last set unless they are accompanied by evidence of convergence on the monetary front. The effective eight per cent realignment of the franc and the D-Mark will intensify inflationary expectations in France, as import prices rise, while the contractionary effect on the money supply of heavy foreign exchange intervention will now be removed. The converse, of course, will apply



in West Germany – a fact which may tacitly have been recognised by the Bundesbank's decision last week to lop a full point off key domestic rates at a time when money stock growth was already fairly rapid. Over the last fortnight, the EMS has suffered a blow to its credibility which, without acknowledgement of basic economics, could well prove terminal.

Hudson's Bay

The C$33 a share which the Thomson family interests paid for their controlling interest in the Toronto-based Hudson's Bay only 4 years ago now looks very expensive. The shares are trading at around C$22, and while this price has held up through the bad news of last year's results, it may need a marked upturn in personal consumption to get it moving ahead again. Net losses last year amount to C$122.2m, with trading profits of C$130m totally submerged by C$261m of interest payments.

Hudson's Bay is tackling these mounting financial charges through a capital reconstruction which will bring in cash of around C$560m and reduce short-term variable-rate debt to C$430m. The issue of C$112m of new preferred shares will restore some of the depleted equity, leaving debt at a marginally more manageable 160 per cent of shareholders' funds, against almost 200 per cent at present.

Even after these changes, however, annual interest charges could be around C$200m, while the group's liquidation of its Dome stake will lop almost C$60m off dividend income. This leaves the company so much more dependent on trading in the core retailing business, which saw a 6 per cent loss in volume last year. Costs have been trimmed from the business, and the high level of savings in Canada suggest that there is plenty of pent-up demand. But no doubt George Weston, the loser in the 1979 takeover stakes, is happy not to have won this one.

Biogen

Parts of the Biogen share issue prospectus read like a premature offering for April Fool's Day, with products under development like a feedstock hormone additive to help animals grow bigger on less food. But the company has spent over $32m since 1978 on research and development into recombinant DNA applications with a commercial future real enough to have drawn huge interest over the last fortnight in an initial public offering on Wall Street's over-the-counter market of 2.5m shares – which look as though they may have been oversubscribed from London alone on the basis of an indicated price range of $22–$28 each. The risks, though, are equally real. Every prospectus carries a high-risk content health warning on its cover and a three-page warning within.

There are admittedly a few risks *associated* with the company's exposure to industrial competitors, international patent law and Regulatory agencies. Yet Biogen, already has a cash cushion of $54.3m and brokers *James Capel think* pre-tax profits of $20m might be achievable in 1987. But the company faces a complex and expensive programme now and then.

Most of the new issue's subscribers are not unreasonably taking comfort from Biogen's fast developing links with several major pharmaceutical companies. Licence sales in Japan seem intended, indeed, to finance much of Biogen's growth into leading integrated company in its own right in the West. Investors with one eye on this spectacular possibility, meanwhile, no doubt have the other trained on the less remote chemistry of the market for high-technology stocks.

Investment trusts

The 214 per cent net asset value growth of the Throgmorton Trust, for the 1977-82 period, should be compared with a 181 per cent growth for Pentland Investment Trust rather than the 142 per cent reported in Saturday's column.

Lord Sieff steps down at Marks & Spencer

By Ray Maughan in London

LORD SIEFF is to give up his duties as chief executive officer and joint managing director of Marks & Spencer, one of Britain's leading retail groups. He will remain as chairman at the request of the directors.

Lord Rayner, a joint vice-chairman and joint managing director, will become chief executive on April 1. This is the start of the retailing group's financial year and is three months before Lord Sieff's 70th birthday.

The appointment of Lord Rayner, who until the end of 1982 was a special adviser to Mrs Margaret Thatcher, the UK Prime Minister, in her drive to cut waste and improve central government efficiency, will end a family stewardship of one of Britain's largest and most successful store chains which spanned almost 90 years.

Lord Sieff described himself yesterday as "a third-generation shopkeeper." He is the grandson of Mr Michael Marks, who, with Mr Thomas Spencer, founded the business in Leeds in 1894.

In October last year Marks & Spencer was shown in the FT European Top 500 as fifth largest company in Europe by market capitalisation.

Mr Marcus Sieff joined Marks & Spencer in 1935 and was appointed to the board in 1955, where he was *responsible for building* up the food side of the group's operations.

He became vice-chairman in 1965 and chairman in 1972 when Marks & Spencer was turning over £417m ($626m) a year. Sales last year reached almost £2.2bn.

He was knighted in 1971 and was created a life peer in 1980 for services to exports.

Marks & Spencer said yesterday that Lord Sieff felt the time was right for a change, and the chairman had informed a meeting of the board yesterday morning that he *intended to relinquish his executive* posts to continue "the sensible and orderly development of the group."

A fierce critic of government interference in corporate affairs and an equally passionate advocate of close staff and community relations, Lord Sieff was attacked last year by several members of the group's large and otherwise admiring audience of shareholders at the annual meeting over the failure to disclose details of property deals with directors.

He said later that he regretted *not having informed the Stock Ex*change of the group's housing arrangements.

He has worked closely over the years with Lord Rayner who joined Marks & Spencer in 1953 and became joint vice-chairman in 1982.

Mr Michael Sacher, a joint managing director and joint vice-chairman is also relinquishing his executive responsibilities at his own request.

Mr Sacher who is 65, will retain the title of vice-chairman.

Ambrosiano successor expects operating loss of up to L30bn

BY JAMES BUXTON IN ROME

NUOVO Banco Ambrosiano, the successor to Banco Ambrosiano *which went bankrupt last August,* expects to make an operating loss of between L20bn and L30bn ($13.9m) in its first accounting period which ends on May 31.

Sig Giovanni Bazoli, chairman, said in Milan yesterday that the new bank had also finalised its proposals for helping the small shareholders of the old Banco Ambrosi*ano who lost their money when it* collapsed. The new proposals are to be put to a shareholders' meeting in May.

Sig Bazoli has always said that *the bank would make a loss in the* first accounting period but that the size of the loss would depend on matters relating to the management of the old bank. In addition, *the balance sheet would have to re*flect the L350bn which the seven-bank consortium that rescued Banco Ambrosiano had to pay for the old bank's goodwill.

Nuovo Banco Ambrosiano's capital of L600bn is wholly owned by the seven rescuing banks, including Banca Nazionale del Lavoro and Istituto Bancario San Paolo di Torino.

Under the new proposals, the banks's nominal capital will be *raised to L750bn and two types of* warrants will be issued to the shareholders of the former bank. The warrants will be issued free on the basis of three per share in the *old bank but will not be convertible* into shares until May 1985.

One type of warrant will be issued to shareholders who held up to 50,000 shares in the old bank. These will be convertible at the nominal value of the new shares, L1000 each.

The other type of warrant will be available to those who formerly had more than 50,000 shares in the bank. On these, a Premium of L300 per warrant will be payable on top of the nominal value when conversion is made.

Just under 40,000 small shareholders are thought to have owned about 80 per cent of the old Banco Ambrosiano. The remainder was owned mainly by obscure companies registered in Liechtenstein, Panama and elsewhere.

There will be strict conditions in an attempt to confine the issue of the warrants to bona fide ex-shareholders and to exclude those who *might have* been involved with the mysterious operations of the defunct bank, either through shareowning or on the board.

The warrants will not be available to those who were directors of the old bank in the past five years before the change of management, nor to people or institutions which are in contention with the new bank. Nominee companies and foreign banks will not be eligible unless they disclose for whom they are acting and are not acting on behalf of shareholders who would otherwise be ineligible. Only foreigners who are legally subjects of EEC countries will be eligible.

Sig Bazoli said in Milan yesterday that he believed the offer would please most of the small shareholders.

He said: "With this operation we expect to speed up the development of the Nuovo Banco Ambrosiano, obtaining the confidence of those supporters who were harmed by the old management."

Rohm sets up hybrid wheat unit

By Paul Taylor in New York

ROHM and Haas, the Philadelphia-based plastics and chemicals group, said yesterday that it had formed a new subsidiary to market hybrid seed wheat which it has developed using genetic engineering.

The new subsidiary, Rohm and Haas Seeds, will use the company's Hybex technology, which prevents normal pollen development in wheat and makes possi*ble the production of thigh-yield,* disease-resistant wheat hybrids on a commercial basis.

Rohm and Haas said the new wheat hybrids were expected to increase yields by as much as 30 per cent.

Bulgaria looks West for deals

By Christian Tyler in London

BULGARIA is looking for long-term agreements with more West European industrial concerns, particularly the transportation, robotics, mechanical handling and other engineering sectors.

Mr Georgi Pirinski, a deputy foreign trade minister for Bulgaria, said in London last night that Bulgaria was interested in partnerships where it could contribute finance, technology or equipment.

French Socialist prestige intact

Continued from Page 1

rand's basic belief that France's best interests lie in closer European collaboration both on economic and security issues. It is strongly opposed by a clutch of *senior* ministers – M Delors himself, M Michel Rocard, the Minister of the Plan, and M Pierre Mauroy, the Prime Minister – who believe that a retreat into "fortress France" would have sapped industrial competitivity. It would also have meant a hefty devaluation, and was thus seen as a policy of last resort.

The realignment means that French economic policy will swing back to what had been planned before the unexpected success of the Socialists in the second round of the municipal elections on March 13 – two years of hard slog in which purchasing power will be cut to plug the external and public finance deficits the Government ran up in its first year of go-it-alone expansion.

In *political terms this implies* a return to the Centre, but with a strong emphasis on shielding the less well off and greater taxation of the rich.

The details of the measures and the men to run them have yet to be spelt out. This is to be done tomorrow evening when President Mitterrand is to address the nation on *television.* He will then also attempt to erase the impression of confusion and divided leadership left by the extraordinary last ten days.

For caught between a devaluation crisis, a major row with West Germany, an internal squabble among Socialists and Communists over the direction of policy, and the planned cabinet reshuffle, the Government has at times seemed rudderless.

The irony is that the one point on which President Mitterrand and Socialist party officials were fully agreed was that the second phase of his administration – beginning after the municipal elections – should be marked by greater cohesion

The immediate impact of the devaluation on the French economy will be a further deterioration of the trade deficit, which reached FFr 93bn ($12.4bn) last year, by an increase in the import bill that will erase some of the impact of lower oil prices.

The measures to be announced by President Mitterrand have as their already stated goal cutting back the trade deficit by over half to FFr 45bn this year, and of returning to balance by 1984, while bringing down inflation to 4 per cent – 5 *per cent by the end of next year.*

It is by no means clear whether this can be achieved when inflation is currently running at 9 per cent and Renault, for example, has reached a pace-setting wage agreement of about 10 per cent for 1983. Among the measures under discussion have been the freezing of some FFr 20bn of budget expenditures, higher social security contributions, forced savings and higher public-sector tariffs.

In political terms, M Mitterrand has support for a more "rigorous" policy that does not hit the lower paid from the "social democrats" of his own party and from the pro-Socialist CFDT union.

Braniff to sell 20 jets

By Paul Taylor in New York

PEOPLE EXPRESS Airlines, the fast-growing New Jersey-based carrier, said yesterday that it had reached an agreement in principle to buy 20 Boeing 727-200 jets from Braniff Airways for $80m.

The purchase which is subject to a number of conditions, would almost double the size of People's existing fleet of 21 aircraft.

Braniff International, the Texas-based airline holding company, filed for protection under chapter 11 the U.S. bankruptcy code last May. Last week the company finally abandoned an earlier scheme under which PSA, which operates Pacific Southwest Airlines, would have *leased Braniff* equipment to start a new Texas-based airline. Braniff has until April 4 to present a new reorganisation plan to the U.S. bankruptcy court.

People Express said yesterday that its plan to buy the Boeing jets from Braniff and to lease a Boeing 747-200, part of the Braniff fleet of 62 aircraft, was subject to bankruptcy court approval and government approval of its plans to provide a non-stop service from New York's Newark Airport to London.

Under the agreement, the 727-200 jets would be delivered to People Express between November this year and March 1985, with People Express having the right to accelerate delivery of six of the aircraft to this summer.

The Boeing 747-200 lease would be for five years ending in September 1988, with People retaining the right to cancel the lease at the end of the first year. People Express *would* pay $50,000 a month for the lease initially from delivery and then $250,000 a month after September this year. The airline would also have the right to purchase the jet at the end of the lease.

People Express, which had net income of $1m and operating earnings of $10.46m last year on operating revenues of $138.7m, said it had also agreed to purchase a Boeing 727-200 *flight simulator,* ground equipment, technical assistance and flight training from Braniff.

Earlier this month the airline signed a letter of intent with McDonnell Douglas to purchase the eight Boeing 727-200s that McDonnell is buying from Alitalia airlines. The airline, which has until March 29 to decide whether to proceed with the deal, also took an option to buy a further nine used Boeing 727s

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	16	61	Dubrovnik	S	18	64	Malaga	S	22	72	Salzburg	F	13	55
Algarve	F	17	63	Faro	F	20	68	Malta	F	17	63	Seoul	F	18	64
Algiers	F	25	77	Florence	C	15	59	Manila	S	35	95	Singapore	R	34	93
Amsterdam	C	7	45	Frankfurt	F	12	54	Miami	C	25	77	Stockholm	Sn	1	34
Athens	S	18	64	Funchal	C	18	64	Milan	S	15	59	Strasbourg	F	12	54
Bahrain	S	21	70	Geneva	S	15	59	Moscow	F	4	39	Sydney	R	23	73
Bangkok	S	34	93	Gibraltar	Fg	19	66	Munich	C	12	54	Taipei	C	24	75
Barcelona	S	19	66	Guernsey	C	10	50	Nairobi	—	—	—	Tangier	S	23	73
Beirut	F	17	63	Helsinki	C	0	32	Naples	C	15	59	Tehran	—	—	—
Belgrade	F	17	63	H. Kong	C	21	70	New Delhi	S	27	81	Tel Aviv	C	18	64
Berlin	F	11	52	Innsbruck	S	12	54	New York	C	6	43	Tenerife	F	19	66
Biarritz	C	12	54	Inverness	F	0	32	Nice	C	13	55	Tokyo	R	10	50
Blackpool	C	6	43	Istanbul	F	8	46	Oporto	Fg	15	59	Toronto	C	1	34
Bordeaux	C	11	52	Jersey	C	9	48	Oslo	C	2	36	Tunis	S	22	72
Brussels	F	8	46	Jo'burg	C	24	75	Paris	F	11	52	Valencia	F	16	61
Budapest	F	15	59	Las Palmas	C	19	66	Prague	C	10	50	Venice	S	16	61
B. Aires	S	26	79	Lima	S	29	84	Reykjavik	Sn	-4	25	Vienna	F	14	57
Cairo	R	21	70	Lisbon	C	17	63	Rio de J'o	R	32	90	Warsaw	C	9	48
Cape Town	—	—	—	Locarno	S	15	59	Rome	C	14	57	Zurich	C	11	52
Caracas	C	32	90	London	R	10	50								
Casablanca	F	19	66	Los Angeles	R	18	64								
Copenhagen	S	8	46	Luxembourg	F	8	46								
Corfu	S	17	63	Madrid	S	18	64								
Dublin	Sn	3	37	Majorca	S	22	72								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

EMS to be realigned

Continued from Page 1

forced a break in the negotiations and the unprecedented suspension yesterday of the fixing of EMS parities by central banks and of their obligatory currency interventions in defence of those parities. In the event, the Netherlands, Denmark, Belgium and Luxembourg all came through with agreements to revalue their currencies as long as Herr Stoltenberg was able to add 0.5 per cent to his original D-Mark revaluation proposal and to shave 0.5 per cent off the planned franc devaluation.

Although harmony has been restored to Franco-German relations, both countries are worried about the consequences of the realignment. M Delors urged Herr Stoltenberg to reduce urgently West Germany's monetary compensatory amounts. These subsidies on West German farm exports and levies on its imports are meant to bridge the gap between the "Green Mark," which translates EEC farm prices into domestic currencies, and the normal currency rate.

*The issue could become a prob*lem at EEC farm price negotiations next week.

The realignment will also affect the operation of the EEC's guide prices for steel.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Tuesday March 22 1983

Interest rate fall boosts Bayerische Vereinsbank

BY STEWART FLEMING IN FRANKFURT

FALLING interest rates and a major improvement in foreign exchange and securities trading income have contributed to a sharp rise in the profits of the Bayerische Vereinsbank AG, the West German parent bank of the Bayerische Vereinsbank group.

But hefty loan loss provisions and a downturn in mortgage banking operations have resulted in a more moderate profits increase in the group as a whole.

The parent bank, which has assets of DM 60.1bn ($25bn) compared with assets of DM 105bn for the group as a whole, produced near record earnings, helped by falling interest rates. The parent bank's interest income rose by 21 per cent to DM 1.1bn and its commission income by 17.6 per cent to DM 193.9m. Partial operating earnings, arrived at after deducting the costs of conducting this business, were 59 per cent higher at DM 475m.

A huge increase in securities and foreign exchange trading income, detailed figures for which are not revealed, resulted in an operating income increase of over 59 per cent. But the bank has heavily strengthened its loan loss reserves and write offs.

Published provisions and write offs, the bulk of which are related to domestic business and reflect in part the record bankruptcy figures in West Germany in 1982, soared from DM 85.3m to DM 226.5m. It has to be noted, however, that West German banks can postpone paying taxes on part of their income by adding heavily to loan loss reserves and it is thus impossible to judge to what extent the increased provisions reflect increased losses. Banks also have the opportunity to add to loan loss reserves without disclosing the figures in the balance sheet.

In spite of these factors Dr Max Hackl, the bank's chief executive makes it clear that 1982 was an extremly good year for the bank. In common with the banking industry as a whole Bayerische Vereinsbank will have profited not only from widening interest margins as a result of a faster fall in financing costs than in lending charges. Fixed interest security dealing will also have been highly profitable in a period of falling interest rates. These factors and the promising outlook for 1983 help to explain the bank's decision to raise its dividend from DM 9 to DM 10 a share.

In the group as a whole, which includes mortgage bank subsidiaries and the bank's Luxembourg subsidiary, profitability has declined, however. In the case of the mortgage banks, this reflects the continuing impact of the high cost of funds in 1981 and 1982 on the financing costs of these subsidiaries.

The Luxembourg subsidiary has this year not distributed profits to the parent bank or stocked-up its open reserves, but instead applied all its earnings to loan loss provisions and write-offs – mainly provisions against country risk.

Richier in link-up with Clark

BY DAVID MARSH IN PARIS

RICHIER, France's second largest construction equipment maker, which has just been saved from bankruptcy by a government-sponsored rescue package, has announced a marketing link-up with Clark Equipment of the U.S. as part of a plan to put the company back on its feet.

M Gilles Poncin, the French industrialist who has just taken over ownership of Richier, told a press conference that the company planned to increase exports, particularly in traditional Richier markets in French-speaking Africa, led by Algeria.

Richier was owned between 1972 and 1979 by motor giant Ford, which then sold it to the French engineering company Sambron. It registered turnover of just under FFr 400m ($57.9m) last year and made a FFr 9m profit.

The return to the black followed two years of restructuring following steep losses

The company's affairs had been in the hands of the courts since 1981 and M Poncin's takeover – backed up by a FFr 78m government aid package – rescued the bulk of the 805 workforce from redundancy

M Poncin – whose principal company is the Ardennes Equipment group – said the two year finance plan for Richier would reduce the workforce to 745.

He said he bought the company for a nominal FFr 1 but he and his associates are putting FFr 1m towards the overall rescue package from government financing organisations and banks.

Richier plans to boost turnover to FFr 450m this year and FFr 500m in 1984, with the export share of sales envisaged at 50 per cent next year, against 45 per cent at present.

Under the marketing link up with Clark, from June Richier will distribute the U.S. company's earth movers.

Two previous Clark Equipment employees, Mr Charles Madding and M Roland Carlot, are joining the Richier management team.

W. German tyre group lifts earnings

By John Davies in Frankfurt

CONTINENTAL Gummi-Werke, West Germany's leading tyre manufacturer, has reported a slight improvement in profit from its tyre operations and in its European market share.

The company, however, does not expect to publish an exact profit figure for 1982 until May. Nor has it given any indication of results in its industrial products division, where problems have led to restructuring.

In an interim report, Conti-Gummi said that it pushed up it share of the highly competitive European tyre market last year from 12 to 13 per cent.

Its worldwide sales revenue from tyres was unchanged at DM 2.2bn ($924m), but the company said this would have been about 2 or 3 per cent higher if it were not for currency factors, which restrained the D-Mark value of sales in Britain and France.

Group sales world-wide, including industrial products, edged up 0.6 per cent to DM 3.25bn.

Continental has already indicated that it expects to omit a dividend for 1982 for the second year in succession. Dividend payments have been a rarity, with the 1980 payout the first since 1971.

Group pre-tax profit slumped in 1981 to DM 12.2m from DM 70.8m the previous year, because of weak markets and rising costs.

Herr Wilhelm Schäfer, a management board member, said that a major reason for last year's improvement was development of new winter tyres. Continental increased sales of these tyres in Germany this winter by 47 per cent.

SEMICONDUCTOR GROUP TO PULL OUT OF MOS MANUFACTURE

Fairchild closes chip plant

BY LOUISE KEHOE IN SAN FRANCISCO

FAIRCHILD CAMERA and Instrument Corp, the grandfather of Silicon Valley's semiconductor industry, appears to be retreating from the $10bn market for metal oxide semiconductor (MOS) integrated circuits which it helped to create.

Now a subsidiary of Schlumberger, Fairchild, once the leader of the chip industry, appears to be transforming itself into a speciality "niche" supplier – much like the dozens of Silicon Valley start-up companies that have sprouted in the past three years.

The founders of many of Silicon Valley's major companies, including Intel, National Semiconductor, Signetics and Advanced Micro Devices spun off from Fairchild about 15 years ago. At that time, Fairchild Semiconductor was regarded as the leading semiconductor manufacturer in the world.

Last week Fairchild told workers at its MOS division in San Jose, California, that the plant would be closing. Production of MOS memory and logic devices is to be absorbed into other divisions, the company said.

The consolidation is widely seen as the first step towards a withdrawal from the MOS market. This would end Fairchild's history as a mainstream semiconductor manufacturer. The company is also believed to be pulling back from the all-important microprocessor field. Industry experts expect Fairchild to discontinue its own microprocessor products which have been less than successful in the marketplace. Fairchild is, however, expected to continue to second-source other companies' microprocessor chips under licence.

Fairchild has also announced that this summer it will close another semiconductor plant in California, making opto-electronic devices. Five years ago, Fairchild was a leader in this technology. Other Fairchild plants elsewhere in the U.S. are also widely rumoured to be destined for closure.

Fairchild's semiconductor business managers were "too busy" late last week to discuss the closure or any other aspect of their business, according to a company spokesman, who would confirm only that certain product lines were being relocated and that the MOS division would no longer exist.

According to Schlumberger's financial reports, Fairchild has been losing money since it was bought by Schlumberger in 1979. Industry experts suggest the losses were over $100m in 1982. Fairchild says now that its business is "improving somewhat. But there is no cause to predict an imminent end to the current recession."

"In the past three years, Fairchild's position as a leader in integrated circuit sales has steadily deteriorated. Fairchild's fall from integrated circuit sales of $450m in 1980 to forecast IC revenues of $360m in 1983 is indicative of the serious situation," comments Mr William Strauss, an industry analyst with an integrated circuits engineering consultancy.

Financial analysts take a similar view of the outlook for Fairchild's semiconductor business. "I do not know whether Fairchild will be able to turn itself around," says Mr Daniel Klesken of Montgomery Securities. "Fairchild has been a source of good people, but they have all left over the past few years," he adds.

The analysts surmise that Fairchild is consolidating its business to cut losses. "They seem to be trying to concentrate on the things they are good at," says Dr Klesken. Fairchild's older TTL (Transistor-Transistory Logic) products are believed to have been profitable last year, but TTL is an old technology that does not have the cost advantages of today's highly integrated circuit designs.

Much of Fairchild's semiconductor product line is made using advanced bipolar technology. The world market for this type of chip is almost as big as the MOS market, but it is steadily losing ground to the more popular MOS technology used in high-density microprocessor and memory chips.

One bright spot for Fairchild is its new "gate array" design centre opened last year in California. The company has joined an estimated 45 start-up companies as well as the majors of the semiconductor industry in offering so-called semi-custom circuits, devices that can be tailored to fit a customer's applications.

Over the past three years, Schlumberger is believed to have pumped over $300m in research and development funding into Fairchild, but the parent company is now believed to be cutting its spending

Schlumberger declines to make any comment upon its corporate goals for Fairchild. According to one executive who recently left Fairchild, capital investment from the parent company is now dependent upon meeting mutually agreed business goals. "If a group does not meet its goals, then it does not get any money next year," he said.

Industry leaders who regard Fairchild as their "alma mater" in the semiconductor business are saddened by the decline of the company. "Ten years ago Fairchild was the mecca for circuit design and technology. Today, that is no longer true," says the president of one Silicon Valley company – itself a Fairchild spin-off.

Lufthansa advances

BY JAMES BUCHAN IN BONN

LUFTHANSA, the West German state-owned airline, increased its net profit sharply last year to DM 95m ($39.9m) from DM 5.8m in 1981 and will pay out a DM 2.5 dividend on both its ordinary and preference shares.

In 1981, a year marked by exceptionally high investments of DM 1.1bn, the airline paid no dividend on ordinary shares and DM 2.5 on its preference shares.

Herr Heinz Ruhnau, who took over as chief executive last year, said in a radio interview at the weekend that the company had not been able to achieve growth in traffic as it had hoped. Passenger capacity use remained around the 1981 level of just under 60 per cent although freight carriage booked a small increase.

Lufthansa is in the process of selling six of its A-300 Airbus aircraft to make room for the more modern A-310 but the income from the sales had not affected the 1982 results the airline said.

Veba maintains payout

BY OUR FRANKFURT CORRESPONDENT

VEBA, the West Germany energy and chemicals group, has reported a setback in profits but is maintaining its dividend.

Net profit for 1982 dropped 36 per cent to DM 301m ($126m), with stable earnings from electricity supply offset by problems in chemicals, plastics and oil.

Despite the lower result, the dividend is being held at 15 per cent for the fourth year in succession.

Veba, the biggest industrial concern in West Germany, said in an interim report that sales revenue fell a marginal 0.2 per cent to DM 49.3bn.

Electricity supply revenue increased by 8.8 per cent to DM 8.8bn as a result of price rises, but oil revenue was down 8.6 per cent to DM 11.8bn and chemical sales down 2.6 per cent to DM 6.3bn.

In trading and services, business in Germany was stable but there were considerable setbacks abroad.

The number of Veba's employees was reduced 3 per cent to 80,500.

Marine profit fall hits Norgas results

BY FAY GJESTER IN OSLO

POORER RESULTS in some sectors led to lower 1982 group profits for Norgas, the Norwegian industrial concern with interests in pharmaceuticals, industrial gases, marine equipment and marine services. Certain divisions earned more, however, and group turnover rose NKr 322m to NKr 1.7bn ($23.6m), of which export sales accounted for 63 per cent. An unchanged 15 per cent dividend is proposed.

The group profit figure – NKr 94m, before taxes and end-year allocations – was 19 per cent down on a year earlier, mainly owing to a sharp fall in profits by Unitor Ships Service, in which Norgas has a 54 per cent stake. Norweld, a wholly-owned welding company, also saw profits drop, and AMA, a subsidiary which makes compressed air equipment and heat pumps, recorded a loss of NKr 15m. These trends reflected the current slump in both the shipping and the building and construction industries.

Unitor's turnover grew last year by 35 per cent to NKr 693.5m, but most of the rise was due to acquisitions. The company bought two foreign firms in 1982 – one in Canada making survival suits, and one in Texas making fire-fighting gear. Profits before tax and end-year allocations were NKr 20.9m

Norgas is one of nine Norwegian companies planning to set up a new company, Norexplor, which could become the fourth Norwegian group allowed to operate on Norway's continental shelf.

S. Pearson to buy U.S. leisure group

By William Hall in New York

S. PEARSON, the UK conglomerate, and a group of private investors which includes Lazard Freres, has agreed in principle to acquire Cedar Point, a U.S. summer resort and amusement park group, in a deal which values the company at $144m.

Pearson already owns 25 per cent of Cedar Point's outstanding shares and Mr Robert L Munger, the chief executive who is a member of the investor group, controls another 9.6 per cent. There are 3.6m shares outstanding and, if the deal goes through, shareholders will receive $40 per share in cash.

A special committee of independent directors has been appointed to review the transaction from the standpoint of all Cedar shareholders unaffiliated with the investor group.

Cedar Point operates two family amusement – recreation centres, including Cedar Point in Sandusky, Ohio, and Valley Fair in Minneapolis – St Paul.

Banca Lavoro surges ahead

By John Phillips in Rome

BANCA Nazionale del Lavoro has underlined its position as Italy's largest bank by turning in a balance sheet total of L48,500bn ($33.8bn) for 1982.

That figure represents an increase of 21 per cent – a rather better showing by the government-controlled bank than the increase of some 13 per cent recorded in 1981 and in any case is comfortably above the average inflation rate of last year of 16 per cent.

The bank's domestic deposits rose by more than 25 per cent, the highest increase for the BNL in six years, which appears to indicate that the national trend for bank clients to move their savings from bank deposits to higher yielding short term Treasury Bills last year may have been reversed.

Net profits of some L20bn were virtually identical to those reported in 1981 and there will be no change in the dividend

Seagram down at midway

By Robert Gibbens in Montreal

SEAGRAM, the world's largest distilling group, had lower earnings in the six months ended on January 31, partly due to a lower contribution from its 21 per cent interest in Du Pont, the U.S. chemicals group.

Seagram has changed its fiscal year end to January 31 from July 31 to harmonise with Du Pont's fiscal year.

Six-month profits were $125.7m or $1.39 a share, reflecting the recent three-for-one stock split, against $165.9m or $1.67 a share a year earlier.

Nedbank to pay interest on current accounts

By Bernard Simon in Johannesburg

NEDBANK, South Africa's third largest banking group, will begin paying interest on current account balances for the first time tomorrow, and other banks are expected to follow suit.

Nedbank said it would pay 2 per cent a year on balances above R500 and rates of up to 5 per cent on larger amounts. The rates are slightly lower than those offered on savings accounts.

Competitive pressures are likely to force other banks, notably Barclays and Standard, the two largest groups, to follow Nedbank's lead. Within hours of Nedbank's announcement, Trust Bank said it would launch a similar scheme in May.

Nedbank's initiative is a direct result of the abolition last month of clearing banks' "register of co-operation," a cartel which forbade members from paying interest on cheque deposits. One small bank was barred from joining the banks' clearing house three years ago until it abandoned similar plans.

It has come as no surprise that Nedbank was the first of South Africa's big five to break ranks. It relies on cheque deposits for a far smaller proportion of its funds than the others.

Only about 11 per cent of Nedbank's deposits consist of current accounts, compared to more than one-fifth in the case of Barclays and Standard, which have far bigger branch networks and have argued that interest-free current balances were necessary to help pay for branch services.

Mr Rob Abrahamsen, Nedbank's managing director, said payment of interest on cheque accounts would cost the bank about R20m ($18.3m) a year, roughly 15 per cent of its annual earnings. Nedbank has 220,000 current account holders.

TNT plans rationalisation after plunge in earnings

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THOMAS NATIONWIDE Transport (TNT), the Australia-based international transport group, saw a 37 per cent plunge in net profit for the six months to last December 31, from A$40.6m to A$25.4m (US$22.2m).

Among factors cited by the group were the recession in world transport and higher interest costs, which in the six-month period grew from A$19.7m to A$25.4m.

Earnings per share fell from 27.8 cents to 12.7 cents, but the interim dividend has been maintained at 6 cents a share, and a final payout of 6 cents a share is not in danger.

A rationalisation programme, intended to achieve operational savings of A$8m a year and involving the shedding of 800 jobs, is due to be completed within a few months, and will encourage a "sharp recovery in profits" when trading conditions improve.

Sales in the six months to December were 23 per cent ahead, at A$722m, but pre-tax operating profit was 44 per cent lower, at A$33.4m.

Equity-accounted operating profit from associates and subsidiaries, including Ansett Airlines, the domestic Australian carrier owned in partnership with Mr Rupert Murdoch's News Group, was reduced from A$19.1m to A$9.8m.

In addition, TNT's extraordinary losses were A$11.9m, against A$3.2m previously, as a result of its equity-accounted share of a A$19.7m net currency loss sustained by Ansett on aircraft purchases.

Mr Fred Williams, TNT's chairman, said Ansett's net interim profit, before extraordinary items, was about A$10m, a reduction on the previous period, because of a contraction both in the business and personal travel sectors.

Slower growth rate for Bahrain offshore banks

BY MARY FRINGS IN BAHRAIN

THE growth rate of Bahrain's Offshore Banking market slowed to 16 per cent in 1982, compared with 35 per cent a year earlier. At the end of December consolidated assets of the 72 OBUs reporting to the Bahrain Monetary Agency (BMA) settled back to $59bn, with locally-incorporated banks, led by Arab Banking Corporation, Gulf International Bank and Al-Baab, holding 30 per cent of the year-end assets.

The number of reporting OBUs increased by seven, the same as in 1981, but the 1982 additions included new banks such as Bahrain Middle East Bank and Bahrain International Bank, whose paid-in capital is so far their major contribution to market volume.

The Bahrain OBUs continued to channel funds from the region to the rest of the world, with net lending from Arab countries showing a 13 per cent increase over the year to $10.5bn. Deposits from Arab countries ($C9.5bn) constituted 67 per cent of total liabilities, while loans to Arab countries ($29bn) made up 49 per cent of total assets. Western European countries accounted for 21 per cent of liabilities and 24 per cent of assets.

Half of all OBU assets and 51 per cent of liabilities were claims on and dues to banks outside Bahrain, while deposits placed with other OBUs exactly matched deposits taken, at 17 per cent. Transactions with non-bank customers represented 24 per cent of assets and 23 per cent of liabilities.

The U.S. dollar share of the market increased over the year from 67.6 per cent to 72.3 per cent of assets, and from 65 per cent to 69 per cent of liabilities, while regional currencies lost ground in percentage terms. Assets denominated in regional currencies, of which the Saudi riyal is the most important, fell from 20.9 per cent to 18.3 per cent, and liabilities from 24.5 per cent to 22.5 per cent.

The BMA's classification of maturities shows assets with maturities up to one month constituting 41 per cent (liabilities 49 per cent), one to three months 22 per cent (liabilities 29 per cent) and three to six months 14 per cent (liabilities 15 per cent).

Mitsubishi Australia dips into the red

By Our Sydney Correspondent

DEPRESSED CONDITIONS in the Australian car market led Mitsubishi Motors Australia to a loss of A$12m (U.S.10.44m) last year, compared with a profit of A$17.7m in 1981. This was, however, a better result than the A$134.7m loss at competitor General Motors-Holden reported last week.

Interest charges at Mitsubishi last year were A$6.5m against A$1.9m previously and depreciation charges A$16.2m against A$9.7m. Sales were 7.7 per cent higher at A$535m. No dividend will be paid. In 1981 the dividend was 7.5 cents a share.

● Net earnings at Clyde Industries, the Australian engineering group, fell by 23 per cent to A$3.42m in the six months to December 31, although record earnings were posted by its locomotvie interests.

Despite the downturn a steady dividend of 5.625 cents a share is to be paid on capital increased by a one-for-10 bonus issue, absorbing almost all of the per share earnings, whill fell f..m 9.9 cents to 5.7 cents.

Harrisons Malaysian fall

By Our Kuala Lumpur Correspondent

DESPITE higher crop output, trading results at Harrisons Malaysian Plantations for the nine months to December 1982 were down by 16 per cent to 47.4m ringgit (U.S.$21m) because of depressed commodity prices.

Income from investments also fell from 18.3m to 12.3m ringgit. Turnover fell by 3.6 per cent to 183m ringgit. After 19.3m ringgit in taxes the net profit was 40.2m ringgit compared with 50.4m ringgit previously.

An interim dividend of 8 cents is declared, compared with 2.5 cents previously.

Following Malaysianisation last year, Harrisons Malaysian Plantations is now a subsidiary of Permodalan Nasional the government investment agency.

Promet dividend after advance

BY WONG SULONG IN KUALA LUMPUR

PROMET, THE Malaysian-Singapore oil rig and property group, has posted an impressive 57 per cent rise in pre-tax profits to 65.8m ringgit (US$29m) for 1982.

With good results for the second year running, the group is declaring, for the first time in many years, a final dividend of 4 cents on the paid-up capital of 207m ringgit.

Promet was formerly the loss-making construction and engineering group, Bovis Southeast Asia, but since being taken over by Mr Brian Chang of Singapore and Tan Sri Ibrahim Mohamed of Malaysia two years ago, it has emerged as one of the region's most aggressive companies.

The group's net profit was 46.5m ringgit, an improvement of 62 per cent. Turnover, however, fell from 370m to 307m ringgit.

Directors say group turnover should improve this year, and analysts in Malaysia and Singapore are projecting pre-tax earnings at between 75m and 100m ringgit for 1983.

Promet has also announced that the Malaysian authorities have given approval for the group to issue 61.3m new shares of one ringgit each to be sold at 2.92 ringgit each.

Of these, 40.3m shares would be sold to the Kuwaiti Investment Office, the investment arm of the Kuwaiti Government, and the remaining 21m shares to Tan Sri Ibrahim, Promet's chairman.

Promet said part of the cash raised would be used to finance its involvement in oil exploration activities in China, Indonesia and Malaysia. Through various tie-ups in the past six months, Promet has committed itself to spending US$160m over the next few years as part of its share in exploration activities in these countries.

Its involvement in exploration in China is proving to be very encouraging. Total Chine, in which Promet has a 10 per cent stake, announced recently that it has made a second oil find in its concession in the Gulf of Beibu, with oil flowing at the rate of 8,650 barrels a day on its second well. However, further appraisal work would have to be carried out

Saudi bank ahead despite rise in provisions

BY ALAN FRIEDMAN, BANKING CORRESPONDENT

SAUDI International Bank, the consortium bank which is 50 per cent owned by the Saudi Arabian Monetary Agency (SAMA), saw a 63 per cent increase in its 1982 bad debt provisions, to £12.2m ($18.2m). After-tax and after-provision profits of £9.4m, up 61 per cent on 1981, were reported for the year.

The bank's provision for possible loan losses represented 1.15 per cent of its total outstanding loans last year, up from 0.85 per cent in 1981.

Total capital funds increased by 37 per cent to £127m at year-end and an additional £15m injection helped to boost the bank's capital base to £142m.

The bank has also added £2m of January-February earnings to its capital base, bringing its current level up to £144m. Its "problem area loans," meanwhile, represent around 2 per cent of its £1bn total loan portfolio, or around £20m.

Total assets of the bank at year-end were £2.53bn, up from £2bn in 1981.

The bank says it has no East bloc loan exposure and "extremely little" in Africa. Its lending to Latin America is "almost all" sovereign (country) debt. Of its total loan portfolio, around 46 per cent of the loans are sovereign risk, some 36 per cent are corporate and the balance is lending to other banks.

The bank has opened a representative office in Tokyo and plans to open an office in New York in the near future. It is also to take a 10 per cent equity stake in—and provide staff assistance to—a new bank in Saudi Arabia, United Saudi Commercial Bank.

TECHNOLOGY

EDITED BY ALAN CANE

HOTTEST TOPIC IN SEMICONDUCTOR TECHNOLOGY

Silicon compilers for auto-production

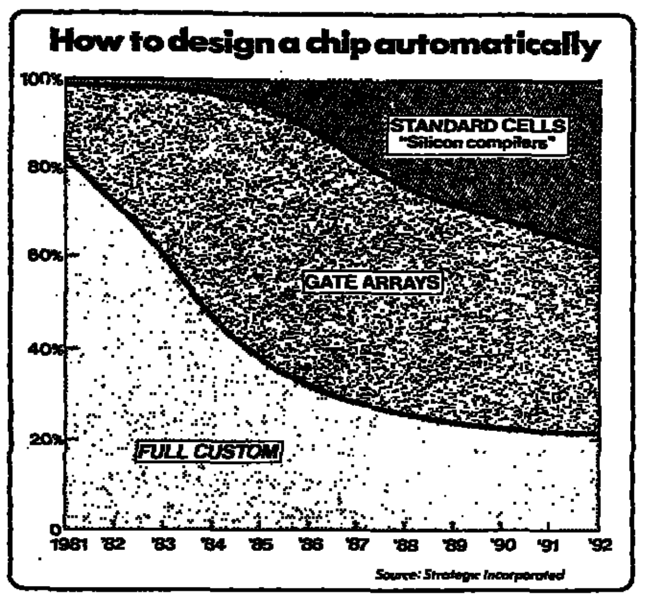
BY ALAN CANE

THE HOTTEST topic in semiconductor technology today is the "silicon compiler"—a way of designing very complicated semiconductor chips automatically.

The lead in this new technique comes, not unexpectedly, from "Silicon Valley" in the U.S. where a start-up company, Silicon Compilers has designed a highly integrated chip for use in datacommunications.

What is less expected is that its lead in silicon compiling is shared with Edinburgh University where a small group led by Peter Denyer has developed a silicon compiler which is as good as anything to come out of Silicon Valley. Better, some would say.

The principle of silicon compiling is simple; the practice is highly complex. It turns on the fact that it now costs hundreds of thousands of dollars to design a new VLSI (very large scale integrated silicon chip) and that if the chip does not work when actually fabricated, much of that investment is lost.



Inadequate

Peter Denyer points out: "Soon we will be able to cram one million components on a single chip. Designing circuits of that degree of complexity is difficult and getting it right first time even more so. The techniques and tools we have been using for the past 10 years cannot cope. They are simply inadequate."

In fact, the high costs, long development timescales and first time failures offset the advantages of custom LSI design. In particular, it is frequently beyond the means of the small or medium-sized company, no matter how good or marketable its product idea, to fund the development of a custom VLSI chip.

One approach is the gate array-again, a technique which has been fostered over the years by another UK company, Ferranti, where a variety of electronic functions are laid down on a chip but the way the chip performs is determined only by a layer of metal applied at the end of the chip-making process which connects all the functions together in a unique circuit.

Gate arrays are very good—they made possible the Sinclair ZX81 and the BBC Microcomputer among other products—but for many purposes they are inflexible.

Silicon compiling takes the gate array approach to the next logical level. Whole chunks of microelectronic circuitry already designed and tested are held in a software library. That means, as electronic signals in the memory of a powerful computer. Silicon compilation makes it possible for the designer simply to specify in a very high level (English-like) language what the chip is supposed to do.

At the press of a button, the computer sets about designing the new chip automatically using the tried and tested features from the library in its memory to build a chip that will do the job intended and work first time.

Computer programs which design circuits automatically are not all that new. What makes the silicon compiler special is its ability to handle simple high-level commands and the way it can alter the size and proportions of the circuit elements in its library to suit the chip under design. It will automatically take care, for example, of the number of binary digits the circuit is handling at any point.

Dr Denyer is careful not to claim special superiority for the Edinburgh compiler called FIRST, which is used to generate designs for signal processing chips (these chips, used extensively in communications systems are very much a growth market), but he does argue that Edinburgh has exploited the principles of silicon compiling better than most.

Some critics argue for example that compiling wastes space on the chip. In a recent paper on FIRST he argued: "It is evident from the design plot that very little silicon area is wasted (we estimate 20-25 per cent typically) an interesting result for critics of automatic layout who point to irresponsible use of silicon area".

Lattice Logic, a start-up semiconductor company based in Edinburgh is deriving the benefit of the university's compiler work via the Wolfson Microelectronics Institute, an interface between the university and industry, where the director, Dr David Milne, is a staunch advocate for Scotland as a centre of microelectronic excellence. "Now the technique is proved we plan to target ourselves at the small to medium company."

Why is the Institute focusing on signal processing? Dr Milne says: "It is impossible to build a general silicon compiler, so we choose an area where we already had expertise and which was growing."

What next for Dr Denyer and his team? "Technology indpendence," Dr Denyer says. "So far our compiler work has been tied to the nMOS (n channel metal oxide silicon) fabrication technology at the five micron level."

CASHLESS SYSTEMS

Vending with a plastic card

BY GEOFFREY CHARLISH

GIROVEND Cashless Systems which was formed about a year ago in London has introduced a vending and catering machine that needs no cash but operates instead with a plastic card.

The machine has been developed in response to a demand for a solution to the problem of cash handling—the metal has to be removed from the machines and carried about and it is bound to constitute a security risk. There is also the customer irritation of jammed or rejected coins.

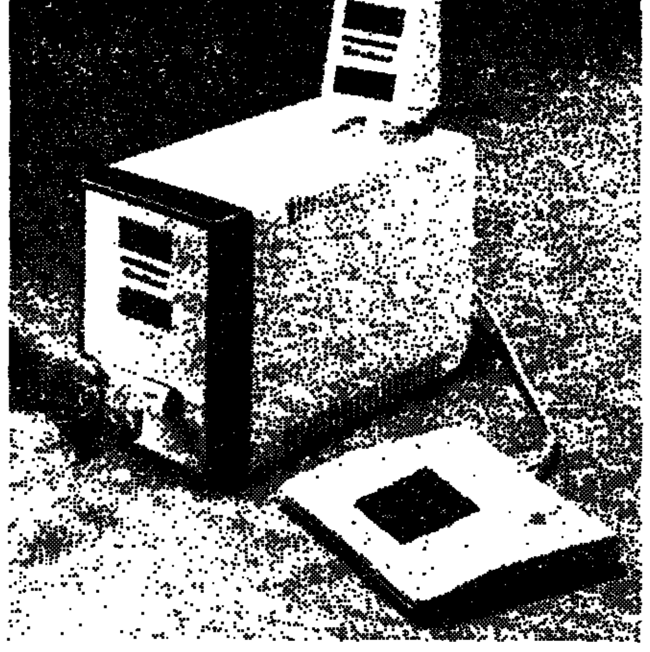
All that vanishes with a card, which is simply inserted and some buttons pressed to make a choice of items on sale. When the card is returned it will have been decremented by the amount of the purchase. The cards can be re-charged and Girovend has a self-service card loader operated by means of bank notes, coins or direct debiting of salary/wages accounts.

For the owner/operator of the system, Girovend believes there could be increased sales. For example, in hotels the consumer could have 24 hour access to goods and services if he possesses a card.

Although there are many applications, ranging from vehicle refuelling to pay TV, the company will concentrate initially on the hotel, catering, leisure and vending markets where it already has first-hand knowledge.

There has already been some market experience in Germany (where the system was invented by Hess Automation and Micro Datasystems). Apparently there has been a remarkable acceptance of the idea of direct salary debiting. For example, at DeutschBank three out of four employees have opted to have their salaries automatically debited for purchases made with the GiroCards.

A further development is the GiroVend Till which might be installed at say, the payment point of a staff restaurant. The assistant keys in the amount, the customer inserts his card and a debit will take place at the end of the month or week. More on 01-283 6182.



The GiroVend mini-till does not need cash just a plastic card

Dentistry

Research on strength of materials

RESEARCHERS, funded jointly by the Science and Engineering Research Council (SERC) and the Department of Health and Social Security, will gather at Liverpool University on Thursday (March 24) to talk about artificial teeth.

Topics to be discussed and under research include ways of improving the strength of dental plates—breakages and subsequent repairs are costing about £2m a year, according to SERC—and the need to find replacements for existing amalgams, work on polymer coatings to prevent infection and decay and cheaper but effective alternatives to gold fillings and the use of more ceramic materials.

Dr D. F. Williams at the Dental School of Liverpool University (051 709 0141) or Dr E. A. Mason, co-ordinator of SERC's medical engineering programme (0928 31511) have the details.

Disk drives

Winchester models

MICRO MEMORY SYSTEMS is launching the Disctron range of 51/4 inch Winchester fixed disk drives. Two models, the D-620 and D-640, will have capacities of 25.5 and 42.5 Mbytes, unformatted, with an average access time of 40 ms.

The company says that the disk drives are intended mainly for upgrading mini-floppy disc based computers. More information is available on 0635 40405.

AUTOMATIC DETECTION OF THE FURNACE WORKPIECE

Cambridge idea for heat treatment

CAMBRIDGE Consultants has come to the aid of Priest Furnaces of Middlesbrough with a relatively simple device to solve the long standing problem of how to know exactly where a workpiece is within the furnace and when it has finished its heat treatment process.

The traditional method has been for the furnace operator to peer through glass portholes in the furnace wall and make his own judgment. By and large the system worked in the steel industry, but there had to be a better way.

Although there are many different types of furnaces and an equal number of methods of transporting the pieces through the furnace, this particular contract by Priest for a South African company really called for some method of automatic detection of the arrival of large steel slabs in a walking beam furnace which could also act as a fail-safe measure for possible slab overrun.

Priest had made several attempts to find a solution but eventually turned to Cambridge Consultants for a few new ideas. After three months of design work the Cambridge company came up with a laser beam trip wire system which, after rigorous testing, has been installed in the walking beam furnace. The latter is now building in South Africa and should be commissioned in early summer.

The system, which clearly has to be robust enough to withstand the hot and dusty environment surrounding the furnace, consists of two separate optical systems located each side of the furnace just upstream from the exit door.

A projection unit houses two independent low power He-Na lasers and sends the beams across the furnace interior to the beam detection unit. The arrival of the steel slab is detected, simply, by its obstruction of the optical path between the two units.

The detection unit houses two independent optical detector sub-assemblies each detecting and monitoring one of the projected beams. The separation of the beams is in the direction of the movement of the steel slabs. Interruption of the first beam encountered indicates that the slab has reached the end point while the second beam operates as a fail-safe function.

Cambridge Consultants says that the modular conception allows easy and quick removal and replacement of the lasers and since having completed the design for Priest has identified several other possible applications where process control in furnaces could be improved.

The Cambridge company is at the Science Park, Milton Road, Cambridge, (Gordon Petrie 0223 358855).

MAX COMMANDER

UK COMPANY NEWS

Morgan Grenfell £3m rise to record £13m

AFTER doubtful debt provisions, tax and transfer to inner reserves, profits at Morgan Grenfell Holdings, London merchant bank, rose from £10.1m to a record £13.14m in 1982. A 1-for-3 scrip is proposed to raise share capital from £44.5m to £55m.

The total dividend is lifted 25 per cent from 5.6p to 7p net with a final of 4.15p (3.2p). There was also a 25 per cent increase in earnings per share, which were up from 29.8p to 37.3p.

The balance sheet shows shareholders' funds considerably higher at £101.4m (£80.4m), which includes £10m released from inner reserves.

Lord Catto, the chairman, says these "satisfactory" results have been achieved in a period of deep recession, both in the UK and throughout the world. He says the group, like many other international banking groups, has commitments to countries experiencing difficult financial conditions.

Its exposure, which arises principally from activities in support of British exporters, is well spread and modest in amount. Nevertheless, he adds, the board thought it appropriate to take a prudent view of the value of certain loan assets, and have provided accordingly.

The group should not expect to achieve comparable growth in profits in 1983, he says, although there are some signs that the world economy is beginning to pick up.

In a review of the group's divisions, Lord Catto says the corporate finance division was well prepared to advise its clients to take advantage of the re-opening of the long-term fixed interest market in domestic sterling, both on a secured and on an unsecured basis.

During the year it underwrote a larger number of both fixed interest and rights issues of new equity for UK companies than any of its competitors, and, over the past three years, has raised in this way a larger amount of permanent capital for a great number of companies than any other issuing house.

Its investment management business has continued to expand against a background of reasonably strong markets during the year. It was a particularly successful year for Morgan Grenfell Investment Services, the subsidiary offering international investment management to U.S. pension funds. Encouraging investment results assisted MGIS in gaining a number of important new clients, and this company is expected to make an increasing contribution to group profits in future years.

The Eurobond division enjoyed an active and successful year, managing or co-managing 66 public and private issues. It *has become increasingly prominent* in North America, the most competitive sector of the international capital markets, managing 27 issues for U.S. and Canadian borrowers and acting as lead-manager for two major North American issuers.

The domestic banking division had another busy year, and once again set records of profitability. *The division has also been active* in leasing.

The group's treasury division took advantage of the reduction in interest rates, both in the UK and overseas. It continues to expand the range of companies and institutions with which it has a deposit and foreign exchange relationship.

In spite of difficult conditions, the international division had a successful year, both in lending and advisory activities. It continued to be active in export finance transactions and eurocurrency lending—an important feature being the arrangement of Italian export credits funded in the euromarkets.

Morgan Grenfell's advisory work for government agencies in Africa, Latin America and the Caribbean continued to flourish, although the world-wide scarcity of new capital projects made the project advisory business extremely competitive.

For its overseas subsidiaries, 1982 was a period of generally satisfactory—in some cases, exceptional—progress and of consolidation and strengthening for the future.

In Continental Europe, Banque Morgan Grenfell Suisse SA saw, in its first year of operation, significant growth in funds under management, and was active in managing Swiss Franc private placements. Morgan Grenfell Switzerland made a useful contribution, and Morgan Grenfell France SA experienced difficult conditions in a changing political and economic climate.

In the Channel Islands, the group again had a record year, increasing its profits by almost 70 per cent. Morgan Grenfell (Asia) had a satisfactory year, despite the depressed environment during part of the year caused by the marked fall in Singapore stock market prices.

An important development in Australia was the agreement of senior executives of Bancorp Holdings to join Morgan Grenfell.

During the year, the group's investment banking subsidiary in New York—Morgan Grenfell Incorporated—increased substantially its staff and resources to provide a wide range of financial advisory services.

In the year under review, the group's total advances, loans and assets held for leasing increased from £757m to £980m, of which £402m was represented by loans guaranteed by the Government—in 1981 the figure was £232m. Acceptance credits increased from £364m to £416m.

During 1982, balance sheet footings rose 22 per cent to £2.6bn. Current assets at the year end were £1.19bn (£992.78m), and this includes balances with bankers and money at call totalling £235.53m (£250.57m), bank certificates of deposit and bills discounted of £236.6m (£62.46m), and money at short notice of £243.47m (£359.41m). Other loans to banks and local authorities rose from £240.02m to £411.58m.

See Lex

Currency fund launched by IBI

By Christopher Cameron-Jones

THE FIRST currency fund to be launched by an Irish financial institution was announced yesterday. It is the IBI International Currency Fund from the Investment Bank of Ireland (IBI), the merchant banking arm of the Bank of Ireland.

Application has been made to the Stock Exchange for listing of the fund's shares in London and Dublin. IBI is offering up to 50m participating redeemable preferences shares of U.S. 1 cent each.

They are payable in full in five classes: D-mark at DM 40 per share, sterling at £10; U.S. dollar at $20; Yen at Y4,000 and the managed fund at £10. No dividends are paid and gains are rolled up into re-investments.

A minimum application of 500 shares for the currency shares, costs £5,000 and for the managed fund the minimum is 100 shares costing £1,000.

The offer opens today and closes 3 pm on March 25. Applications for shares cannot be made in Irish pounds.

Some £4m has already been committed to the fund, which is incorporated in the Cayman Islands. Monies will be invested mainly in deposit and money market instruments with not more than six months to maturity.

Management charges total 1¼ per cent a year, with no entry or conversion charges.

After the initial offer closes further shares will be available.

Mr John Conway, investment manager of IBI Dublin said yesterday that his company had some $1bn currently under management, of which some 80 per cent was pension fund business.

● comment

Having, it would seem, waited to see if the Chancellor did anything about roll-up funds in his Budget, Investment Bank of Ireland has launched its fund in a week when the European currencies are in disarray. The latter situation only serves to underline the present volatility of currencies on which such funds thrive. As to the Budget, no mention of income tax on income rolled up into capital gains is taken as good news. Given that the fund is to invest in major currencies it is comparable to existing funds and, like them, assessment of it comes down to the proven skills of the management and the fees charged. For track record IBI points, in particular, to its British and Overseas unit trust which has shown 54 per cent growth in 15 months mainly by adopting suitable currency exposure the company claim. However, though a simple single management charge is made rather than a confusing mix including front end charges, the rate of 1¼ per cent per annum puts it at the expensive end of the range available.

Grindlays Bank 1983 outlook

Mr Nigel Robson, the chairman of Grindlays Bank, tells members in his annual statement that durnig 1983 the bank will continue to aim for the right blend of profitable activities.

He says any increase in world trade would be helpful to its prosperity and notes that its capital ratios are now comfortably within the guidelines that apply to banks operating in this country.

Mr Robson warns that the economic and political difficulties which dominated the international financial scene during 1982 may continue for some time.

He points out, however, that it is encouraging that attempts to find solutions to some of the financial problems have produced new procedures that are already making an important contribution towards stabilising *the international financial* system.

These, Mr Robson says, have involved a combined effort by financial institutions in the public sector and by commercial banks in the private sector.

The chairman comments that for those who have advocated for a number of years that there *should be closer working* arrangements between the world banking *institutions* in Washington and international commercial banks the procedures are "welcome progress."

He says international trade is going through troubled times and that there are no qiuck or easy solutions. He adds that although the economic policies of other major industrial nations can make an influential contribution the medicine for world recovery must largely be provided by the economy of the U.S. because of its importance in relation to the world as a whole.

Shareholders are told that much depends on the correct speed and underlying strength of an improved trend in the economy of the U.S.

The chairman expects 1983 to be another dicult year for most of the world with no notable im- until 1984. *provement much in evidence*

As reported on March 2, pre-tax profits of Grindlays Bank, which is 51 per cent owned by Grindlays Holdings and 49 per cent b yCitibank, rose to £79.87m (£34.54m) for 1982 after providing £25.9m (£5.78m) for doubtful debts.

The accounts for the year *show ex-gratia payments on retirement* from office of £116,000 (£42,000).

Wiljay slips in second half: warns on outlook

ALTHOUGH 1982 pre-tax profits of Wiljay at £190,000 showed an improvement over the previous year's deficit of £73,000 only £77,000 of the surplus came in the second six months.

No dramatic improvement is expected in trading circumstances and the directors warn that the group, a manufacturer of specialised air compression equipment, has to face the effect of retrenchment in the oil industry.

They say reduced demand for petroleum products and cutbacks by oil producing companies for new equipment will affect an important sector of Wiljay's business.

It is pointed out that the shortfall will have to be made good by vigorous efforts to sell in other areas of the market. Although the group has a new product for *the construction industry to* exploit the directors say this alone will not provide the remedy.

They say success depends on the group's ability to demonstrate and take advantage of the benefits of its other products against worldwide competition.

Turnover for 1982 expanded from £5.96m to £6.99m. The taxable surplus included a loss by the *associates of £4,000*, compared with a profit of £4,000 previously—last year's figures were also struck after an exceptional debit of £67,000.

Basic earnings per 25p share emerged at 6.59p (8.18p loss) but a same-again final dividend of 1.25p holds the net total at 2.405p.

The group changed its name from Williams & James (Engineers) last July. It made pre-tax profits of £781,000 in 1978.

Rand London

Ordinary shareholders in Rand London Corporation have taken up 62.7 per cent of the recent rights issue of 54.8m ordinary shares at 60 cents each. The underwriters have taken up the balance.

JFB defers preference payment

Johnson & Firth Brown, the Sheffield-based specialist engineering group, has deferred payment of the interim dividend due on March 31 on the 11.05 per cent cumulative convertible preference shares at a gross saving of almost £400,000. The stock is convertible on February 28 in any year until 1986.

The board explained yesterday that "it considers it prudent at *present to generate and conserve* as much cash as possible in order to further the group's recovery."

Mr George Hardie, the finance director, stressed that "we must continue to harvest cash" and accordingly JFB has set in train various measures which are designed to r aise £5m.

Surplus land, comprising 11 acres near Bradford, will be sold when, as seems likely, planning permission is received, and an unused company house on the outskirts of Sheffield is also coming on the market.

The group, which is still looking to recruit a chief executive, *made it plain that it was under* no pr essure from its bankers but nevertheless regarded its gearing at 60 per cent as excessive given that the half share of recently created Sheffield Forgemasters special steels associate would not contribute significantly to income for at least three years.

Name change

Laganvale Estate has changed its name to Regentcrest.

Walker Wingsail on verge of new funding package

BY ANDREW FISHER, SHIPPING CORRESPONDENT

Walker Wingsail Systems, the Hampshire company which is *developing sail systems to save* fuel on modern cargo ships, is close to putting together a new funding package, which would involve a £150,000 Government grant and money from City institutions.

No figure is being put on the likely total, which could be several hundred thousand *pounds.* Prutec, the high technology venture funding subsidiary of Prudential Assurance, has previously agreed to invest £120,000.

Walker Wingsail, founded by 45-year-old Mr John Walker, hopes next year to have a sail system on a small tanker in the Rowbotham Tankships fleet.

Since the late 1970s, nearly £200,000 has been spent on developing the Wingsail system. Mr Walker *owns 70 per* cent of the equity. About 30 other private investors are also involved. The late Mr Colin Chapman, founder of the Lotus car company, invested £10,000.

The Government grant would come from the Maritime Technical Committee of the Department of Industry. But the money, which would total about a third of total new funds, is dependent on the City money being raised first.

Mr Walker said sail systems could save vessels between 10 and 30 per cent of fuel costs. The Wingsail system has been tested on a 10-metre research craft.

Reliable Properties advances

Taxable profits of property dealing concern Reliable Properties advanced from £274,088 to £339,169 in the first half to the end of December 1982..

The interim dividend is being maintained at 1.25p net per 25p share — last year a total of 2.5p was paid.

Net profits on the sale of properties rose from £340,020 to £378,874 and net property income receivable moved ahead to £244,483 compared with £139,611.

Cayzer shows progress and produces £1m

Cayzer, merchant banking subsidiary of Cayzer, Gartmore, reports a net profit for 1982 of £1.03m and an increase in shareholders' funds to £11.56m against £10.53m. This was Cayzer's first year with a new management team and reconstructed capital. Last year profits stood at £11,264.

"The changes that have taken place in Cayzer resulted from a decision by the British & Commonwealth Group in 1981 to devote more resources to financial services," says Lord Cayzer.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Ayer Hitam Tin	int	25§	Apr 27	50	—	95
Morgan Grenfell		4.15	—	3.2	7	5.6
Reliable Properties	int	1.25	May 6	1.25	—	2.5
Waverley Cameron		3.75	—	3.75	3.75	3.75
Wiljay		1.25	May 13	1.25	2.41	2.41

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § In Malaysian Sea, and subject to tax.

RESULTS AND ACCOUNTS IN BRIEF

PIRELLI UK (subsidiary of Societé Pirelli SA of Switzerland)—Turnover for 1982 £141.04m (£108.56m): net interest payable £2.36m (£1.65m): pre-tax profits £8.77m (£7.69m): tax £2.64m (£2.56m): attributable profits £6.13m (£6.12m): final dividend £1.5m making £2.25m (£1.5m): directors propose scrip issue of £2m.

WAVERLEY CAMERON (stationery manufacturer)—Dividend 3.75p net (same) for 1982. Turnover £2.7m (£2.63m). Group trading profit £73,665 (£141,213). Tax £8,867 (£22,104), leaving £64,798 (£119,109). Stated earnings per 25p share 6.45p (12.14p).

PROVIDENT FINANCIAL GROUP (personal credit facilities)—Results for 1982 reported March 9. Shareholders' funds £39.58m (£38.81m); fixed assets £12.02m (£14.03m): net current assets £80.95m (£82.2m): increase in working capital £4.11m (£2.19m). Payment to former directors £100,000. Chairman says that early in 1982 the former joint managing director, Mr Alan Edgar decided to leave on medical advice fter 17 years, Mr Brian Smith left his post as executive director after "only a short period." The chairman, Lord Chelmer, retires this year. A savings-related share option shares is being introduced. Meeting: Bradford, April 13, noon.

KODE INTERNATIONAL (electronic manufacturer)—Results for 1982 and prospects reported March 16. Group shareholders' funds £5.64m (£5.31m). Fixed assets £3m (£2.95m). Net current assets £3.02m (£2.65m). Meeting: Swindon, Wilts, April 22, noon.

MARCHWIEL—Recommending payment of final dividend of 4.8p net on April 5 instead of March 31 as previously indicated.

BARCLAYS AUSTRALIA (merchant banking affiliate of Barclays Bank)—Profits improved by 22 per cent to A$32m in 1982. The company has written-off half its A$9m advance to the troubled International Harvester Australia Group. After tax, the write-off produced an extraordinary loss of $3.2m. Barclays had been hoping to acquire one of the 10 foreign banking licences promised by the recently-ousted Liberal-National Party government. It said it was not surprised at the new Labor government's decision not to let foreign banks in at present, but said it thought the decision would be reversed eventually.

CAROLINE COOPER (hosiery manufacturer)—Joint receivers and managers appointed. They intend to permit the company to continue trading and sell it as a going concern. They are Mr Alastair Jones and Mr Tim Brookes, both partners of accountants Peat, Marwick, Mitchell and Co.

SAATCHI AND SAATCHI COMPANY (advertising agency)—Results for year to September 30, 1982, and prospects reported December 10. Group fixed assets £31.78m (£9.61m). Net current assets £4.66m (£2.08m). Shareholders' funds £33.53m (£8.80m). Increase in liquid funds £13.23m (£3.04m). Highest paid director received £130,678 (£72,770). Meeting, Claridges Hotel, W. April 5, noon.

MOBEN GROUP (home improvement products)—Results for 16 months ended December 31, 1982, reported March 11 with prospects. Group fixed assets £4.56m (£2.69m). Net current liabilities £0.64m (£1.11m). Shareholders' funds £3.97m (£57,000). Reduction in net bank borrowings £2.95m (£2.75m). Meeting, Manchester, April 7, at 11 am.

ALEXANDERS HOLDINGS (Ford main dealer)—Results for year to September 30 1982 reported February 16. Group shareholders' funds £5.79m (£6.38m). Fixed assets £6.8m (£7.22m). Net current liabilities £148,000 (£262,000 assets). Decrease in working capital £380,000 (£1.12m). Meeting: Edinburgh, April 8, noon.

BRITISH AMERICAN AND GENERAL TRUST—Results for 1982 already known. Investments £49.3m (£37.29m); net current liabilities £4.92m (£1.38m); shareholders' funds £43.42m (£34.91m). Meeting, 20 Fenchurch Street, EC, on April 8 at 12.45 pm.

GENERAL FUNDS INVESTMENT TRUST—Results for year to January 15 1983 already known. Investments (listed on stock exchanges at market value), UK £18.02m (£12.43m), overseas £17.56m (£18.24m): shareholders' funds £31.91m (£25.65m); net current assets £217,305 (£1.47m). Meeting: Regis House, King William Street, EC, April 12, at 12.15 pm.

UK COMPANY NEWS

Home Charm sales well up this year

SALES SO far this year at Home Charm are well up on the previous term and show a satisfactory trend, says the chairman Mr H. E. Fogel, *in his annual* statement.

While he believes that the home improvement and DIY business in the UK has become one of the more competitive of the retail sectors, he remains confident that the group will continue to hold a premier position therein.

With the economic outlook still uncertain, Mr Fogel feels it would be unwise to make any predictions for the current year. But he feels sure the group has the ability to continue to trade successfully.

Reflecting the biggest changes in the group since it went public in November 1972, the balance sheet has altered considerably from that of 1981. Mr Fogel says fixed assets have risen from £13.37m to £25.54m and the bank overdraft required for the acquisition of the Sankey Homecentre business was eliminated just prior to the balance sheet date.

This has been achieved by raising additional mortgage funds (up from £3m to £5.57m), the disposal of the smaller High Street stores, and from general cash flow throughout the year. Funds employed were £20.15m (£14.82m) of which shareholders' interests accounted for £14.48m (£11.82m).

Mr Fogel recalls that the purchase of the Sankey business resulted in an immediate increase of 60 per cent in the group's *selling* area. By the end of the year all but three of the Sankey *stores had been* converted into Texas Homecare, and there are now 25 stores trading *under that format*. Also a further six stores were opened during the year, including the two uncompleted in the Sankey purchase.

The stores are now entering 1983 trading well and the chairman looks forward to their contributing to profits in the current year.

The High Street stores were sold or closed because they no longer fitted into the enlarged *group following the enormous* expansion in the Texas Homecare division, which mainly trades through large edge-of-town and out-of-town retail warehouses.

At the end of the year the group had 1.8m sq ft of selling space compared with 1.1m a year earlier, with the average store size at 18,600 (10,100). *The group* continues to seek sites of 30,000 and several are earmarked for opening in the current year.

Since the end of the year the group has bought two parcels of land for £3.5m to develop two Texas Homecare superstores plus two further units for letting. Building costs are estimated to be some £4.5m over the next 18 months, and it is intended that the developments will be funded by institutions in due course.

As reported on March 15, the year ended January 1 1983 was a record for the group, with sales rising from £73.84m to £106.05m and profits before tax from £2.81m to £3.22m. The dividend is stepped up to 4p (3p) and there is proposed a 2-for-1 scrip *issue*.

Mr Fogel says the result has been achieved in a highly competitive market and after financing a major acquisition.

The figures are due mainly to the enormous amount of hard work and effective effort that has been put *into assimilating* the 25 Sankey stores, while at the same time increasing the profitability of the Texas Homecare operation.

In the year there was a decrease in net liquid funds of £827,000, against an increase of £3.52m.

Annual meeting, Copthall Avenue, EC, April 25 at 11 am.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—A & G Security Electronics, Burton, Paterson Zochonis, Peachey Property, Ricardo Consulting Engineers.

Finals—Brent Chemicals International, Equity and Law Life Assurance Society, Goal Petroleum, Smith and Nephew, Stag Furniture, Standard Chartered Bank, Watmoughs, Willis Faber

FUTURE DATES

Interims:—

Bailey (Ben) Construction	Mar 30
Ingall Industries	Apr 5
Westminster and Country Props	Mar 25

Finals—

A.C. Cars	Mar 31
Alpine Holdings	Mar 25
American Trust	Mar 29
Assoc. Book Publishers	Mar 30
Bank of Scotland	Apr 19
Bruntons (Musselburgh)	Apr 6
Garton Engineering	Mar 24
Good Relations	Mar 28
Grampian Holdings	Mar 31
Groveball	Mar 23
Johnson Group Cleaners	Apr 5
Magnolia (Mouldings)	Mar 31
Pritchard Services	Mar 24
Wilkes (James)	Mar 30

S. American side checks B.Cal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A PROFIT has been made by the Caledonian Aviation Group. which includes British Caledonian Airways, together with helicopter, travel and aviation engineering companies. In the year ended *October 31 last* it earned £1.54m before tax, against a loss of £6.2m in the previous year.

British Caledonian itself incurred a loss of £655,000, but this represented a substantial improvement over the loss of £7.9m in the previous year.

Both the group as a whole, and the airline itself, are *forecasting* profits in the current year, according to Sir Adam Thomson the chairman.

Presenting the annual report and accounts at the group's Crawley, Sussex, headquarters yesterday, Sir Adam said that the profit was insubstantial as a return on investment or as a percentage of turnover.

"But at least it is a profit, in a year of widespread losses throughout the international air transport industry, including British Airways' massive deficit and the failure of Laker and Braniff," said Sir Adam.

No dividend is being paid to shareholders, and no allocation is to be made to the staff profit sharing scheme.

Sir Adam said that British Caledonian would have been in profit had it not been for the Falkland Islands war, with its resulting loss of air services to Argentina, and the subsequent suspension of operations to Chile, Peru and Ecuador—routes which it had been hoped originally would contribute substantial revenue throughout the year.

The cost to the airline was a loss of net earnings of some £6m —"the difference between the loss of £655,000 and a reasonable profit," said Sir Adam. "And, of course, the continued non-operation of the South American services affects BCal's

Sir Adam was especially critical of the way in which the Government was "bailing out" British Airways, after that State-owned carrier had incurred losses that would put a private company out of business, "then being groomed to appear financially attractive to investors, without any consideration whatever being given to the effect of *this action on B.Cal.*"

He said that B.Cal's own forecasts could not be tabulated without taking into account the Government's policy to sell British Airways.

"B.Cal does not, of course, oppose the principle of privatisation, but we have put forward the view that the State corporation should be either wholly privatised or remain nationalised.

"Any move to offer 50 per cent of *its* shareholding for private sale will be cushioned by *the Government support on* which British Airways has been so vitally dependent.

● Sir John King, chairman of British Airways, said later: "Sir Adam is talking a load of rubbish.

"British Airways is paying its way, *that is all there is to it.* Sir Adam may have a lot of problems with his own airline, but it is no good him running around worrying about British Airways."

Frizzell Group moves ahead to £3.44m

A rise of 9 per cent in profits before tax has been shown by The Frizzell Group, insurance broker, for 1982. The surplus was up from *£3.16m to £3.44m.*

The net dividend of this close company is increased from 2.75p to 3p, with earnings given as 9.7p—up from 8.7p. The company's shares are not quoted.

Mr Colin Frizzell, chairman, says that he was pleased with the profit given all the circumstances of 182. As expected, trading profit has declined, but an improvement in investment income helped considerably.

The life and pension activity produced satisfactory results, *says Mr Frizzell. The UK com*mercial division underwent a reorganisation. In 1983 the group will revert to the previous practice of separating these two functions into Norman Frizzell Life and Pensions and Norman Frizzell UK.

In contractors' insurance there was satisfactory progress and Norman Frizzell Professional Indemnity increased profits by 38 per cent despite falling market rates.

1982-83 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord.	137xd	− 2	6.4	4.7	8.0	10.5
158	117	Ass. Brit. Ind. CULS	153	− 1	10.0	6.5	—	—
74	57	Airsprung Group	64	—	6.1	9.5	7.3	12.5
46	34	Armitage & Rhodes	34	—	4.3	12.6	3.8	6.7
307	197	Bardon Hill	307	—	11.4	3.7	12.9	16.2
135	100	CCL 11pc Conv. Pref.	135	—	15.7	11.6	—	—
270	210	Cindico Group	210	—	17.6	8.4	—	—
86	52	Deborah Services	52	—	6.0	11.5	3.4	8.3
87½	77	Frank Horsell	87½	—	—	—	7.3	7.8
86	75½	Frank Horsell Pr Ord 87	86	—	8.7	10.1	9.6	10.2
83	61	Frederick Parker	63xd	− 4	7.1	11.3	3.9	6.3
55	34	George Blair	34	—	—	—	5.9	12.3
100	74	Ind. Precision Castings	80	+ 1	7.3	9.1	10.3	12.9
158	100	Isis Conv. Pref.	158	—	15.7	9.9	—	—
143	94	Jackson Group	143	—	7.5	5.2	4.4	9.1
197	111	James Burrough	197	+ 1	9.6	4.9	14.4	16.0
260	150	Robert Jenkins	150	—	20.0	13.3	1.6	23.8
83	54	Scruttons "A"	73	—	5.7	7.8	9.5	11.4
167	112	Torday & Carlisle	114	—	11.4	10.0	5.1	8.8
29	21	Unilock Holdings	26	—	0.46	1.8	—	—
85	66	Walter Alexander	66	—	6.4	9.7	4.7	6.8
264	214	W. S. Yeates	264	—	17.1	6.5	4.1	8.4

HIGHVELD

STEEL AND VANADIUM CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

"A significant improvement in domestic and overseas markets cannot be expected before the second half of 1983"

From the review by the Chairman, Mr. W.G. Boustred

Following the merger and related transactions between Anglo American Industrial Corporation (AMIC) and De Beers Industrial Corporation, Highveld became a subsidiary of AMIC in January 1982 and as a result the group's year end was changed from June 30 to December 31.

The period under review deals with the 18 month period from July 1 1981 to December 31 1982.

The corporation's consolidated profit before providing for tax and minority interests for the 18 month period was R95 137 000. After providing R23 132 000 for tax and after deducting minority interests of R2 935 000 the attributable profit was R69 070 000. On an annualised basis this is equivalent to a reduction of five per cent on the previous year's earnings of R48 704 000. The attributable profit for the period was achieved after providing net interest charges of R15 320 000 and depreciation of R35 905 000.

The results are based on the LIFO method of accounting *for raw materials, manufactured stocks and work in* progress. As a result of the large stocks of semi-finished and finished products the charge of R12 587 000 for the period was much higher than in previous years, raising the cumulative LIFO charge to date to R16 044 000.

As intimated in the second interim report, a final dividend of 22 cents a share has been declared, which is equal to the final dividend declared for the financial year ended June 30 1981. The total dividend for the 18 month period is 49 cents a share which, on an annualised basis, is equivalent to 32⅔ cents a share compared with the 32 cents a share declared for the previous year.

The amount transferred to the group's deferred tax provision now totals R108.7 million and this should ensure that the charge for tax in later years does not absorb a disproportionate amount of the income earned in those years.

There was no charge for normal tax due to the high level of capital expenditure. A total of R200 943 000 was expended, of which R98 355 000 was spent on the expansion of the iron making capacity. At the end of the period the capital expenditure commitment had reduced to R47 628 000 *compared with R116 852 000 at the end of the previous* year. The remaining capital expenditure commitment is related almost entirely to ancillary equipment associated with the hot strip mill.

The turnover for the group was R536 318 000 which on an annualised basis shows a seven per cent increase on the R332 967 000 recorded in the previous year. Export *earnings at R242 056 000 were at a record level and showed* a 46 per cent increase on the R110 388 000 earned last year on an annualised basis.

During the first 12 months of the period under review Highveld's steel exports showed satisfactory profit margins. As the period progressed steel export dollar prices came under increasing pressure due to intense competition and the strengthening of the dollar against most other currencies.

Highveld's total tonnage of steel sales showed a drop of four per cent on the previous 18 month period due to a reduction in domestic sales of 14 per cent. The tonnage sold in export markets represented 34 per cent of total steel sales compared with 26 per cent in the previous 18 month period.

For the first time since the Highveld iron and steel works was commissioned in 1968, it became necessary to cut production. This was due to the adverse market conditions in the final quarter of the financial period. In November 1982 two iron furnaces were taken out of operation, effectively reducing steel capacity to 67 per cent. It was also necessary to reduce the number of operating *shifts on the mills and further cut-backs may be necessary* in 1983 unless there is an improvement in the market place.

VANADIUM

World-wide vanadium consumption held up reasonably well during the first 12 months of the 18 month period, but from mid-1982 there was a progressive deterioration in consumption. This was associated with the substantial fall-off in steel production and a dramatic drop in the production of "oil country goods" seamless tubes.

The present free world production capacity is about 109 million pounds of vanadium pentoxide a year. During the period under review the vanadium pentoxide facilities in Australia and Norway and one of the American plants ceased production and the largest Finnish plant is due to *close down in April 1983. Most of* the other producers operated below capacity and as a result free world vanadium pentoxide production in *1982* was estimated to be 85 million pounds. In addition to this it is estimated that communist China moved about 10 million pounds into Western *markets. Against this availability of 95 million* pounds of vanadium pentoxide it would appear that consumption in 1982 dropped below 75 million pounds. As a *result of this vanadium* raw *material* oversupply, prices came under pressure and by the end of 1982 the free market price of vanadium pentoxide had halved and was well below the cost of production for most producers.

Free world primary vanadium pentoxide production

	Million lb vanadium pentoxide per annum: Estimated production 1982	Present capacity	Present and planned capacity
South Africa	45	58	68
North America	28	39	46
Europe	10	10	3
Others	2	2	15
Total	85	109	132

As a result of these market conditions, the group did not sell its entire output of vanadium-bearing slag and production was reduced in the final quarter by 33 per cent. The Vantra division continued to operate only one roasting unit out of eight, which situation has prevailed since October 1980.

RAND CARBIDE

The first six months' operation of the financial period was highly satisfactory and the plant operated at capacity. However, as the crisis in the world steel industry deepened, the market for all ferro-alloys deteriorated. Rand Carbide was affected not only directly but also indirectly through its sales of metallurgical char and Soderberg electrode paste to the southern African ferro-alloy industry. By the end of the period the production of all the division's products was well below capacity.

TRANSALLOYS

The plant operated at full capacity for the first six months of the period under review and export sales of manganese ferro-alloys were satisfactory. From January 1982 export sales progressively weakened, in terms of both price and volume, necessitating production cut-backs and by the last quarter of the financial period only one furnace was in operation.

In June 1982 No. 6 furnace, a new 22 MVA smelter for the production of silicomanganese, was commissioned at a capital cost of R11 million.

LABOUR

Until the middle of 1982 the shortage of skilled labour continued to be one of the major problems on the South African labour scene. Black apprenticeships continued to develop and, of the 300 apprentices employed in the group, 41 are black. The acceptance of these black apprentices in the work place during their "on the job" training has been most encouraging. From mid-1982 the skilled labour shortage has eased and artisan turnover has shown a significant drop. The group will continue to recruit and train apprentices despite the economic down-turn as it is expected that when the economy recovers skilled labour will again be in short supply.

Before the middle of 1983 SEIFSA will open the first *Metal Industries Apprentice Training Centre at Benoni* at a cost of approximately R3 million. The centre will train 200 apprentices of all race groups and the apprentices will be indentured by smaller and medium sized companies in SEIFSA.

The question of centralised bargaining versus plant level bargaining has been the subject of much debate throughout the year. The National Industrial Council for the Steel and Engineering Industries has remained the cornerstone of collective bargaining in the metal industries. Four black trade unions are parties to the Council, two of the long-standing members of the Council have opened their ranks to black members and a third trade union will shortly do the same. SEIFSA continues to communicate with the non-party unions and a number of meetings have been held throughout the year with representatives of these unions to ensure that their leaders are fully informed on the industrial council system. As a result of this intensive communication, the non-party unions involved in the metal industries are showing much less opposition to the industrial council system and it is to be hoped that these unions will eventually join the Council and participate fully in the bargaining process for the industry.

In October 1982 more than 1,200 employees were retrenched as a result of the production cut-backs mentioned earlier in the review. The retrenchment was based on the principle of last-in, first-out, redundancy payments were made and the group helped a number of those retrenched obtain employment with other organisations in the Witbank area.

INFLATION

During the past 12 months there have once again been major increases in the main elements of the group's cost structure: power increased by 30 per cent, labour by 17.5 per cent, raw materials varied between 13 and 15 per cent and railage by an average of 12 per cent. Against this background it is pleasing to report that steelworks costs rose by only 12 per cent mainly due to improved efficiencies in the steel plant related particularly to refractory and yield savings arising from the use of larger ladles and a consequential larger cast size. This increase in the cost of producing steel was offset by the October 1 1982 increase in domestic steel price, which averaged 12.5 per cent for the group's product range. Of great concern, however, are the substantial increases in power and railage costs that have *already been introduced early in 1983.*

The dramatic growth in the South African ferro-alloy industry took place in the early 1970s and during the past 10 years the increase in power costs has been such that the competitiveness of the South African ferro-alloy industry in international markets has been seriously affected. This increase in power costs has more than offset the savings from the improved efficiencies that have resulted from the application of higher technology in ferro-alloy production.

EXPANSION

In November 1981 the board approved expenditure of R60 million for the installation of a reversing hot strip mill in the iron and steel works. Compared with similar facilities in the world steel industry, the mill was hot commissioned in record time at the end of November 1982 and will be in full operation by April 1983. Additional capital expenditure of R16 million has since been approved to cover the installation of temper rolling and sheet cutting facilities.

The erection of the first furnace and three pre-reduction kilns in the second iron plant continued on schedule and the units *will be ready for commissioning by April 1983. However, in view of the current market conditions* the plant will probably not be brought into operation until 1984.

OUTLOOK

The group started the new financial year with the weakest order book in its history, both in terms of local and export sales. As a result operations are at their lowest *levels since the early 1970s. Domestic demand for the* group's products is expected to remain weak and in the overseas markets a significant improvement cannot be expected before the second half of 1983. Inflation in the major cost elements mentioned earlier and the possibility, despite the recent change in exchange control policy, of a strengthening of the rand, will have an adverse impact on the competitiveness of the group's products in overseas markets. As the year progresses the product from the strip mill will have a beneficial effect on group results as it will allow increased participation in the domestic market. It is expected that the group will remain profitable but earnings per share will show a substantial decrease.

GENERAL

Mr H. F. Oppenheimer retired from the board on December 31 1982. Mr. Oppenheimer was the first chairman of Highveld Steel and Vanadium Corporation and it was his "act of faith" that enabled the Highveld project to proceed, notwithstanding the great risks involved. His contribution to the group has been incalculable and his constant support and enthusiasm will be greatly missed. However, I am confident that in spite of the difficult times that lie ahead in the short term, the managing director and his colleagues will ensure that Highveld remains profitable and that once trading conditions improve, as is inevitable, Highveld will resume the remarkable record of growth that has been achieved to date.

Mr. N. F. Oppenheimer joined the board on January 1 1983 and I am very pleased to welcome him, as I am sure that he will make an important contribution to Highveld.

Dr W. B. Coetzer has decided not to offer himself for re-election to the board and so he will retire at the annual general meeting. Dr Coetzer has served on the board since 1967 and I would like to record my appreciation of his contribution to the affairs of the group over many years.

The full text of Mr Boustred's statement and the annual report for the year ended December 31 1982 are obtainable from Consolidated Share Registrars, 62 Marshall Street, Johannesburg, 2001.

The annual general meeting of members will be held at 44 Main Street, Johannesburg, on Friday, April 29 1983, at 12h00.

MINING NEWS

Return of the Sons of Gwalia

BY KENNETH MARSTON, MINING EDITOR

THE new gold rush in the Eastern Goldfields region of Western Australia which is turning up gold deposits previously hidden from the old prospectors by an overburden of soil and weathered rock, has now opened up a new lease of life for the old Sons of Gwalia mine.

The more recently formed Australian company, Sons of Gwalia, intends to re-treat the old mine's tailings (waste) dumps to recover their remaining gold; to investigate the possibility of an open-cut mining operation on part of the property; and to look into the prospects of a partial resumption of underground mining.

For this purpose the company is making a A$2.5m (£1.46m) public offer of 10m shares at par, or 25 cents (about 15p). Half of them will be offered on a first refusal basis to the vendors. The issue is being underwritten in Australia by stockbrokers Benney Partners and in London by Charlton Seal Dimmock. The new shares will raise the issued capital to 22m shares.

The Sons of Gwalia story began in 1896 with the discovery of gold at Mt Leonora by three prospectors who were financed by Tommy Tobias, a Welsh storekeeper. The Sons of Gwalia mine had as its first manager Herbert C. Hoover who was later to become the 32nd President of the United States.

The mine became the largest and deepest outside Kalgoorlie and between 1896 and 1963, when it closed as a result of low gold prices, it produced 2.5m ounces of gold. The remaining dumps contain some 6m tonnes of material grading 1.2 grammes per tonne gold of which 1m tonnes grade 1.76 grammes.

Initially it is intended to treat this higher grade portion over a period of four years. A break-even price of A$260 per ounce (US$225) would be sufficient to return the capital outlay and cover direct operating costs. At a price of A$450 (US$388) there would be an operating surplus of A$6.16m.

Drilling of the open-pit area to a depth of 100 metres has shown proven and probable ore reserves of 1.55m tonnes grading 3.21 grammes per tonne. The total cost of the open-pit evaluation programme is put at A$302,000 while that for the underground studies will be A$200,000.

Thus Sons of Gwalia can be reasonably certain that gold prices will be high enough for the dumps opeartion to generate enough cash to pay for the open-pit and mine study costs and still provide funds — together with those now being raised—for the eventual development of an open-pit mine.

The underground mining operation would probably be much farther off. Meanwhile the potential of the area has been underlined by the discoveries made some five kilometres to the north at the Harbour Lights prospect of Carr Boyd Minerals and Esso.

South African gold output set to decline

THE LATEST reports from South Africa's influential Chamber of Mines suggest that the country's gold output could revert this year to the long-term trend of decline, in contrast to 1982's year-on-year rise.

The chamber expects that a higher average price this year will lead to the mining of lower-grade ores. While this will ensure the fuller exploitation of the country's gold reserves, it will probably also lead to lower production than 1982's 664.2 tonnes.

South Africa's gold output reached a peak of over 1,000 tonnes in 1970, but has fallen steadily over the past few years to just 650 tonnes in 1981, the lowest figure for more than 20 years.

The lower average price during 1982 led to increased milling rates and thus higher production, but the Chamber believes this year's output is unlikely to be above last year's and could be lower.

Operating costs are expected to rise steeply in 1983, partly as a result of sharp increases in rail and power charges.

South Africa's gold production rose in the month of February to 1,799,976 oz, against January's 1,767,216 oz.

The latest figure is higher than the 1,704,339 oz produced in February last year, and brings the cumulative total for the first two months of 1983 to 3,567,192 oz, compared with 3,387,263 oz at the same stage of 1982.

Greenvale forced to cut nickel output by half

THE continued weakness in the world nickel market has forced the Greenvale joint venture in Queensland to cut this year's planned output to half the level for 1982.

Greenvale, in which Australia's **Metals Exploration** and **Freeport-McMoRan** of the U.S. each hold 50 per cent, lost A$24.7m (£14.3m) in the six months to end-December.

Mr Thomas Webb, chairman of Metals Ex, said that Greenvale has made forward sales arrangements with contract customers in Japan and Europe to cover planned production levels.

These arrangements were finalised last week, along with support from lenders to the venture and the Queensland Government.

Earlier this year, Greenvale was reported to be under pressure from its principal customers to reduce output, but the management resisted at the time on the grounds that a cut in production would worsen performance.

Metals Ex added that production would be increased when market conditions prevail.

Greenvale produced 22,033 tonnes of nickel and 1,173 tonnes of cobalt in the 12 months to June 30 1982, the last full year for which information is available.

The plant was recently converted from oil to coal at a projected annual cost saving of A$18m.

Ayer Hitam sharp fall after first six months

LOWER tin concentrate output and depressed metal prices brought about a sharp fall in first-half profits at **Ayer Hitam Tin Dredging**. Net profits for the Malaysian tin producer in the six months to end-December were M$1.52m (£450,000), down from M$2.95m.

This produced earnings of 25 cents a share, against 48 cents last time, and the interim dividend is reduced to 25 cents from 50 cents.

Tin concentrate production fell by one-third and sales were down by more than half, while the average price received was M$29.19 per kilogramme compared with M$34.97.

Output was lower because Ayer Hitam had to close its No. 2 dredge on August 18 as a consequence of the export controls imposed under the sixth International Tin Agreement.

Another Malaysian company, **Tongkah Harbour Tin Dredging**, also did poorly on its tin mining operations in the same period.

Tongkah Harbour's share of the losses of its tin-producing associate, based in Thailand, totalled M$149,000 against a profit in the first half of the previous year of M$35,000.

The company reported a small net profit of M$18,000 after improved interest receipts but no dividend is declared in view of the problems in Thailand.

AECI LIMITED

(Incorporated in the Republic of South Africa)

59TH ANNUAL REPORT YEAR ENDED 31 DECEMBER 1982

CHAIRMAN'S STATEMENT

The year under review proved to be a difficult one for South African industry as a whole and consequently, after a period of five years of steady growth in earnings, the AECI Group results for 1982 were less favourable than those achieved in 1981. Turnover for 1982 totalled R1550.4 million, an increase of R83.4 million (6 per cent) over 1981. Export sales included in the above amounted to R83.1 million (1981 R65.0 million). Net trading income for the year at R221.0 million was, however, 8 per cent below that for 1981 and earnings per share for 1982 at 89.2 cents were 13 per cent lower than the corresponding figure for 1981. The ordinary dividend for the year has been maintained at 55 cents per share but dividend cover has fallen from 1.9 to 1.6.

The return on assets calculated on an historic cost basis reduced from 17.1 per cent in 1981 to 13.5 per cent in 1982. Expressed in current cost accounting terms these figures were 6.8 per cent and 4.9 per cent respectively. Dividend cover in current cost accounting terms reduced from 1.4 in 1981 to 1.0 in 1982.

Equity accounting principles were applied for the first time in preparing the financial statements in 1982 and the comparative figures for previous years have been restated on that basis.

The fall in profits and earnings resulted mainly from the lower volume of sales which, in turn, reflected the downturn in economic activity.

Whereas domestic sales volumes in the Republic for the first half of 1982 fell by 3 per cent compared with the first half of 1981, those for the full year were 6 per cent lower and for the fourth quarter showed a reduction of almost 12 per cent over the corresponding period of 1981.

These figures clearly illustrate the extent to which the downturn in the economy accelerated during the latter months of the year and, in the case of the AECI Group, the adverse effect of this downturn was exacerbated by the serious drought conditions which prevailed in the northern parts of the country. It is relevant to note that sales of agricultural fertilizers during the fourth quarter of 1982, the traditional fertilizer season, were 30 per cent below the corresponding figure for 1981. The chemical industry is, by its very nature, volume sensitive and the level of plant occupacity is a critical factor in so far as profits are concerned. Thus the loss of volume referred to above had serious consequences for profits but against this, it is pleasing to report that further productivity improvements were achieved and major plants in the Group operated more efficiently and reliably than in 1981. I am particularly pleased to report that the No 4 Ammonia plant at Modderfontein achieved a record production during the year.

In 1982 the Mankwe factory at Mogwase in Bophuthatswana was opened by His Excellency President Lucas Mangope. This factory is now producing and selling high quality explosives and accessories to the mining industry. During the year the new linear low density polyethylene plant at Sasolburg and a new carbide furnace at Ballengeich near Newcastle were brought into operation. A further cyanide plant, also situated at Sasolburg, was sanctioned and is under construction. Major projects under investigation include a chlor-alkali plant at Richards Bay in association with the Mondi Paper Company Limited, a soda ash plant also at Richards Bay in conjunction with the Industrial Development Corporation of South Africa Limited and a plant at Bellville to produce stabilised polyester filament yarns for industrial use. In addition, the rights to mine salt at Commissioner's Pan in the north-western Cape were recently acquired and the economics of substantially expanding its small output at an early date are being evaluated.

Development work in the field of alternative fuels and chemical feedstocks is dealt with in the Managing Director's review of operations. The interest that has been displayed by the Honourable Minister of Minerals and Energy Affairs in regard to the work that AECI has done on the development of an alternative fuel for use in conventional diesel engines is encouraging and the Group remains well placed to participate fully in any developments in this entire field.

I have referred above to the very significant fall in the volume of production and sales and, while in part this reflects the falling level of activity in the economy, the abnormally high level of imports of chemicals, plastics raw materials and finished products as well as textile fabrics and garments, in relation to the size of the South African market, has also been a major factor. Much of this material has been acquired at abnormally low prices against the background of distressed economies prevailing abroad where, almost without exception, the major chemical groups have been reporting disastrous results.

In recent times a good deal of attention has been given in the country to a "free market" approach as a sound basis for developing our affairs and it has gained favour also in relation to fighting the problem of inflation. Curbing inflation is certainly the number one task in the country at present, but I would question the long term wisdom of doing so in such a way as to risk important sections of South Africa's secondary and tertiary industry thereby prejudicing the ability to create the employment opportunities which are so necessary in the light of the country's rapidly growing population. I am not an advocate of protecting inefficient industries but if measures to protect the South African chemical industry against disruptive competition in the form of distressed price products from the United States, Europe and the Pacific Basin are inadequate, then, at the very least, we must recognise that the further investment of money in high capital, high risk chemical plants will have to receive more than usual scrutiny. I believe the South African chemical industry is efficient, makes a major contribution to the economy and affords a measure of strategic independence. Our market is small by world standards however, and our chemicals plants on the whole are also small, with a consequence that unit costs in many instances are appreciably higher than those for equivalent plants in the United States, Europe and the Pacific Basin. For these reasons and also because we are far removed from major world markets, we cannot, in many instances, look to be export effective.

It is difficult to reconcile the "free market" doctrine with other stated policies of the South African Government, notably import substitution, strategic self-sufficiency (with particular reference to alternative sources of fuel and chemical feedstocks) and, more recently, regional development. Over the past decade the AECI Group has invested approximately R1000 million in capital projects, most of which have been embarked upon with not only the support but the active encouragement of the authorities and, where necessary, with protection either in the form of import tariffs or import control. The "free market" approach implies less protection and, no doubt under pressure from the GATT, Government has already stated its intention to abolish completely all forms of import control and to base protection solely on import tariffs. Import control has been a major factor behind the rapid expansion of the South African industry in the past two decades and its total abolition is likely to result in considerable hardship to many sectors of industry, unless tariff protection is both adequate and timeous. It therefore remains a matter of concern that, notwithstanding the pleas of many leading South African businessmen over a number of years, adequate procedures for expeditiously evaluating and adjudicating on applications for tariff protection in the rapidly changing business environment of today have yet to be introduced.

The world economy on which our own so closely depends, is showing only meagre signs of recovery, and even when cyclical forces reassert themselves, it seems probable that the world will still be faced with structural changes which may call for considerable adjustment. In view of this, the organisational changes to which reference is made in the Managing Director's review of operations are particularly apposite since they will undoubtedly result in a stronger and more market-oriented Group, better able to respond to the needs of customers in a rapidly changing environment. AECI remains financially sound, with a debt/equity ratio of 46 per cent and with plant occupacity in most areas well below rated capacity. Thus it is well placed to take advantage of an upturn in the economy as and when this occurs.

In June 1982 Sir Keith Acutt, who was appointed a director in 1970, resigned from the Board. We shall miss his wise counsel and I would like to wish him every happiness in his retirement.

In February 1983 Mr W B M Duncan, who joined the Board as Deputy Chairman in 1979, resigned in view of his impending retirement from Imperial Chemical Industries PLC, which he has served for 41 years, in order to take up an appointment as Chairman of Rolls-Royce Engines PLC. It was particularly pleasing to be able to congratulate Mr Duncan on being created a Knight Bachelor in the New Year's Honours List, a well deserved accolade. We shall also miss his important contribution and in particular the knowledge and experience of the international chemical business which he has been able to impart to us. May I wish him every success in the challenging assignment which he is to undertake.

At the annual general meeting held on 10 June 1982 Mr H F Oppenheimer informed shareholders that he would not be seeking re-election as Chairman of the Company and that he intended resigning from the Board. At a Board meeting held immediately after the general meeting I was elected Chairman to replace him. For more than 50 years AECI has had an Oppenheimer as its Chairman. Sir Ernest Oppenheimer was Chairman from January 1931 until his death in November 1957 and thereafter his son, Mr H F Oppenheimer, who occupied the chair for almost 25 years, having been appointed to the Board in 1944. It would be quite impossible for me adequately to pay tribute not only to the contribution which he has made to the affairs of AECI but to the South African economy in general. He will be missed by his colleagues on the AECI Board for his wisdom and exceptional business judgement and also for his grace and charm at all times. I would like to wish him and Mrs Oppenheimer much happiness in the less active role which they are planning to play in the future.

I would like to welcome to the Board Messrs N F Oppenheimer, W G Boustred and R I Lindsell and also extend my congratulations to Mr A W Clements on his appointment as Deputy Chairman.

In conclusion, my thanks to the Managing Director, Mr Denys Marvin and the management and staff throughout the Group for their efforts during what has clearly been a most difficult year.

G W H Relly
Chairman

Johannesburg
10 March 1983

Citadel Insurance Company Limited

Incorporated In Hong Kong

Chairman's Statement

1982 was a very difficult year world-wide for the insurance market. Group consolidated profit for the year increased from HK$6.4 million to HK$6.7 million and for Citadel itself from HK$6.9 million to HK$7.1 million. Consolidated assets less current liabilities increased from HK$567.8 million to HK$960.0 million.

During the year Citadel acquired Gloucester Holdings NV as an intermediate holding company for the Group's overseas subsidiaries, which were transferred to Gloucester Holdings NV at net asset value. The accounts include an exceptional gain of HK$1.6 million arising from this transfer which in effect represents a recognition of the increase in the value of these subsidiaries over the years during which time they have been held at cost. This gain is eliminated in the consolidated accounts.

As a result of currency movements during the year an unrealised gain on exchange of HK$0.8 million arose. This gain has been taken to an exchange fluctuation reserve which will be available to take up adverse movements in future years. In 1981 the comparative figure was a small loss which would not have been reported differently under the changed accounting policy.

The Company acquired a small portfolio of leading equities on the Hong Kong Stock Exchange. The market continued to fall after the purchase and the unrealised loss on revaluation of these securities to market values at 31st December 1982 on HK$1.4 million is also charged against the profit for the year. At the time of writing the market value has increased and is now in excess of the purchase price.

Within Australia, Sirius Insurance Company Limited completed the year with a profit after tax of HK$488,048. The Company continues to account for its office building in central Sydney at cost less depreciation.

During the year The Hongkong and Shanghai Banking Corporation's 49% beneficial interest was represented by Mr P. E. Hammond, Deputy Chairman of the Bank, Mr R. V. Munden, Executive Director, Mr A. C. R. Chappell, Assistant General Manager Group Finances (who succeeded Mr J. Paton on his transfer to Saudi Arabia), and Mr J. R. Millner, Chief Executive Insurance Group. Mr P. E. Hammond, because of his other duties with the Bank, has now retired from the Board of Citadel and other Bank insurance boards. We greatly appreciated his considerable help during the formative years of Citadel.

It is with great regret that we record the death of Mr Leslie Gordon. We miss him greatly both as a friend and for his wise counsel. Professor P. G. Willoughby, Professor of Law at Hong Kong University, continues to serve and will be joined by Mr B. N. Buckley, Senior Partner of Simmons & Simmons in Hong Kong.

Finally, I should like to thank our clients and their brokers for their continued support and our staff for their great loyality and enthusiasm.

Abridged Consolidated Balance Sheet at 31st December 1982

	1982 HK$	1981 HK$
Shareholders funds	39,043,617	36,734,525
Fixed assets	26,396,517	14,105,528
Investments	78,951,782	110,077,581
Term deposits with banks	761,435,621	398,552,794
Net current assets	93,281,261	45,070,975
	960,065,181	567,806,878
Deferred taxation	(6,514)	(43,609)
Insurance fund	(921,015,050)	(531,028,744)
Net assets	39,043,617	36,734,525

Distributive Industry Training Board

(D.I.T.B.)

In accordance with The Industrial Training (Distributive Board) (Revocation) Order 1982 No. 775 the Board will be wound up on 30th March 1983 and on that date the remaining assets will be transferred to the Manpower Services Commision ("M.S.C.") who have the duty to apply them for the purpose of encouraging training for employment (SI 1982/775, 2(4)).

The following is an extract from the Receipts and Payments Account for 9 months to 31st December 1982 together with estimated Receipts and Payments for 3 months to 30th March 1983 and estimated assets and liabilities as at that date, which have been reported on by independent accountants:-

RECEIPTS AND PAYMENTS ACCOUNT

	Actual 9 Months Ended 31st December 1982	Estimated 3 Months Ending 30th March 1983	Estimated Assets and Liabilities at 30th March 1983
	£ (000's)	£ (000's)	£ (000's)
Balance brought forward	17,412	7,645	
Receipts	3,628	1,247	
	21,040	8,892	
Payments	13,395	4,138	
Balance carried forward	7,645	4,754	
Cash balance to M.S.C.			4,754
Amounts receivable	—	—	76
			4,830
Amounts payable	—	—	1,500
Estimated net cash surplus to be utilised by M.S.C.			3,330

Copies of the complete statements including the accountant's report thereon and the statement of the underlying assumptions by the Board can be inspected on application to the Board's Head Office, MacLaren House, Talbot Road, Stretford, Manchester M32 0FP.

CREST NICHOLSON

The holding company with interests in property, optical products, conveying systems, sports surfaces and marine services

Continued Progress in 1982

	1981	1982	Increase
Sales	£54,068,000	£56,858,000	5%
Pre-tax profits	6,324,000	6,724,000	6%
Earnings per share	8.76p	10.15p	16%
Dividends per share	2.85p	3.15p	11%

- Increase in profits for the eighth consecutive year
- Recent acquisition of the Greenwood Group of Companies
- Further growth expected this year

Accounts available from the Secretary, Crest House, 91-97 Church Road, Ashford, Middlesex TW15 2NH

Notice of Redemption

Copenhagen Telephone Company, Inc.

(Kjobenhavns Telefon Aktieselskab)

9% Sinking Fund Dollar Debentures Due April 15, 1985

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of April 15, 1970 under which the above described Debentures were issued, $593,000 principal amount of the said Debentures have been called for redemption through operation of the Sinking Fund on April 15, 1983, the date fixed for redemption at the redemption price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption as follows:

Debentures in coupon form of $1,000 denomination and bearing the following distinctive numbers with prefix letter M:

70	1111	1653	2445	3491	4579	5478	6537	6846	7134	7467	7788	8020	8330	8767	9083	9403	9726
73	1114	1662	2449	3500	4610	5481	6556	6875	7135	7478	7794	8024	8332	8769	9108	9428	9729
116	1121	1728	2450	3564	4629	5484	6557	6886	7160	7482	7806	8026	8378	8770	9129	9458	9741
162	1125	1729	2452	3567	4630	5610	6576	6892	7192	7484	7807	8032	8381	8776	9130	9486	9747
239	1177	1730	2462	3601	4632	5669	6589	6904	7200	7487	7808	8033	8383	8783	9136	9487	9754
243	1179	1732	2482	3602	4633	5687	6606	6907	7209	7528	7816	8037	8386	8826	9142	9495	9760
300	1187	1740	2895	3617	4634	5709	6610	6913	7218	7529	7817	8038	8400	8833	9144	9520	9769
314	1188	1796	2900	3666	4706	5711	6612	6916	7227	7539	7841	8052	8413	8862	9145	9521	9801
376	1205	1827	2902	3758	4744	5712	6615	6917	7229	7545	7860	8083	8420	8867	9146	9524	9803
399	1215	1828	2904	3762	4745	5716	6620	6928	7232	7571	7862	8119	8430	8868	9148	9526	9814
418	1234	1829	2910	3763	4770	5856	6626	6932	7250	7579	7863	8125	8468	8878	9152	9527	9815
428	1271	1843	2913	3764	4771	5887	6640	6943	7258	7594	7878	8131	8477	8888	9163	9530	9861
479	1281	1846	2919	3909	4840	5924	6641	6946	7259	7598	7887	8140	8478	8897	9166	9590	9862
481	1294	1851	2925	3911	4841	5928	6664	6950	7260	7602	7888	8147	8482	8898	9170	9606	9865
506	1305	1861	2926	3913	4844	6155	6668	6953	7261	7607	7889	8151	8522	8937	9174	9607	9877
531	1313	1989	2927	3914	4849	6166	6689	6984	7267	7638	7902	8185	8526	8946	9199	9611	9888
540	1315	2095	2987	3994	4867	6379	6691	7009	7287	7639	7903	8200	8535	8948	9208	9615	9895
573	1380	2105	2995	4228	4870	6384	6693	7014	7292	7651	7905	8203	8536	8956	9214	9616	9899
622	1391	2127	2996	4230	4874	6388	6697	7016	7302	7659	7907	8209	8540	8970	9215	9617	9907
655	1392	2137	2998	4262	4953	6392	6699	7027	7321	7664	7922	8223	8550	8971	9224	9626	9911
657	1394	2140	3006	4373	4967	6402	6710	7047	7326	7673	7930	8235	8551	8987	9225	9627	9921
660	1411	2143	3062	4390	4968	6407	6715	7067	7328	7674	7934	8241	8552	8992	9240	9632	9926
673	1515	2144	3109	4391	4983	6416	6722	7078	7346	7676	7935	8251	8553	9001	9273	9633	9927
760	1518	2146	3117	4396	4987	6438	6725	7083	7362	7677	7936	8255	8561	9004	9291	9638	9937
763	1540	2147	3120	4407	5353	6445	6728	7086	7390	7679	7937	8262	8562	9007	9311	9652	9942
799	1580	2150	3158	4431	5413	6455	6796	7098	7405	7691	7944	8269	8565	9015	9332	9671	9943
809	1595	2152	3262	4490	5433	6472	6801	7101	7409	7695	7951	8285	8596	9017	9337	9680	9955
844	1599	2156	3291	4538	5443	6473	6808	7105	7411	7718	7971	8293	8609	9024	9343	9698	9959
847	1601	2157	3367	4553	5444	6475	6812	7106	7414	7724	7982	8296	8635	9026	9355	9700	9971
848	1604	2161	3398	4556	5454	6497	6817	7116	7421	7728	7992	8308	8734	9027	9357	9705	9972
1063	1614	2163	3401	4559	5456	6499	6820	7117	7427	7752	7994	8311	8735	9043	9367	9706	9989
1065	1618	2187	3402	4568	5463	6505	6825	7120	7452	7779	8018	8314	8749	9065	9383	9715	9991
1107	1619	2194	3467	4575	5465	6509	6836	7129	7461	7781	8019	8328	8763	9072	9385	9716	

The above described Debentures will become due and payable on April 15, 1983 and interest thereon shall cease to accrue.

Payment of the redemption price of 100% of the principal amount of the Debentures will be made upon PRESENTATION and SURRENDER of such Debentures with all coupons appertaining thereto maturing after April 15, 1983 at Citibank, N.A., Receive and Deliver Department, 5th Floor, 111 Wall Street, New York, New York 10043 or the main offices of Citibank, N.A. in Brussels, Belgium; Nice, France; Paris, France; Berlin, Germany; Dusseldorf, Germany; Frankfurt (Main), Germany; Hamburg, Germany; Munich, Germany; Athens, Greece; Piraeus, Greece; Thessaloniki, Greece; Milan, Italy; Rome, Italy; Amsterdam, Netherlands; Rotterdam, Netherlands; The Hague, Netherlands; Geneva, Switzerland; Lausanne, Switzerland; Lugano, Switzerland; Zurich, Switzerland; London, England; Belfast, Northern Ireland; Dublin, Ireland; Citibank (Luxembourg) S.A.; or at the office of Privatbanken i Kjobenhavn, Copenhagen, Denmark; Algemene Bank Nederland, N.V., Amsterdam, Netherlands; Kredietbank, S.A. Luxembourgeoise, Luxembourg; Skandinaviska Enskilda Banken, Stockholm, Sweden; Swiss Bank Corporation in Basle, Switzerland; and Deutsche Bank A.G., Frankfurt (Main), Germany, as the Company's paying agents.

COPENHAGEN TELEPHONE COMPANY, INC.
By Citibank, N.A.,
Trustee

Dated: March 15, 1983

هكذا صدر الأصل

BIDS AND DEALS

Winding-up orders for 73 companies

Compulsory winding-up orders against 73 companies were made by Mr Justice Vinelott in the High Court. They were:—

Chess Advertising Services, Reards, Parker-Holmes, Space Age Windows, United Horizons.

Mandrake Nurseries, G. F. H. Paints, Chris Barrett Installations, Tempo, Leivesley Taylor (Wholesale & Retail).

McCartin (Eastbourne), Mid-Anglia Press and Television Services, Lutepoint, Slidemakers, Pablo Cruise, T.A. Laight Services.

Sambina, Fabbertson, J. B. Coachbuilders & Painters, T. A. Laight Services (Bidford), East Coast Earthmoving Services.

Proteus Aviation Services, Anglia Typesetters, Swale Press (Print Division), Air Pollution Engineering, Flaguard.

J.P.S. Antoa, Ravenhead Securities, Shelogrove Boden, The Tobacco Boys Company, Resinward Construction.

Kenworth (Body System), The Dudley Foundry Company, Kent Automotive Castings, Chapman & Fox, F.C.B. Building Services. North Kent Roadways, Fernstyle, R. E. Mills (Livestock Exports), D. S. Barratt, Padbest. Concept Equipment Manufacturing, Engineering and Construction, A. J. Gupwell, G. L. Saunders, G. Maltby and Son, Fortbond.

Silver Fox Despatch, N. C. Napier, Holcroft Poultry Sales, Mehta Fashions, Davies Bros. Engineers (Wigan). Stirling Brown, Sabre International Furniture, Input Design, Hy-Ducts, Convoycourt.

Z. M. Butler & Co., Pineapple Products, Laker Air Travel, Marsglow, Special Office Services. Transatlantic Commerce, Wilton Road Caterers, Tribute Trading Co., Electro-Tech Components, City Media Services. Basewheat, Carterbeck, Oscars Clubs, Personality Knitting, Alton Corporation, Lasonhall, Compressor Systems.

Albert Fisher's £1m two-stage deal for Wentworth Import

BY ROWENA WHELAN

FRUIT and vegetable merchant, the Albert Fisher Group has agreed terms for a two-stage deal to buy Wentworth Import and Export for up to £1.05m. This annoucement comes as Fisher reports a return to profitability after last years pre-tax losses of £28,734.

Fisher chairman Mr Tony Millar said the deal will give the Lancashire-based distribution company direct access to primary producers and predicts a turnover "in excess of £15m" for the combined group.

Fisher will pay £800,000 for the private company and up to £250,000 in deferred consideration depending on Wentworth's pre-tax profit over the next year.

Wentworth had net tangible assets worth £323,000 at January 31, 1983, and showed a profit of £116,000 on sales of £4.09m for the previous 10 months. Their business is seasonal and the substantial part of its profits are earned in the period April to June.

Fisher will finance the first stage of the dealby issuing 1.86m new ordinary shares, half of which have already been placed in the market at about 43p per share conditional on completion of the purchase. Fisher shares rose 2p to 50p yesterday.

The deferred consideration will be calculated on the basis of £5 for every £1 of Wentworth's audited pre-tax profit over £210,000 for the 14 months be raised by an issue of ordinary ending March 31, 1084. This will share at the middle market quotation at the time, unless Fisher decides to pay cash for part or all of the amount.

Wentworth managing director Mr David Pearce will stay on at his company and also join the Fisher board.

Fisher has called an extraordinary meeting for April 15 to ask for shareholders' approval of the deal.

The company reports pre-tax profits of £55,000 for the six months ended February 24, 1983, compared with a £20,700 loss for the same period in 1982. Turnover rose from £3.09m to £4.12m for the half-year.

Acquisitions have made the company's profit forecast of about £200,000, made last August, largely irrelevant but a final dividend of 1.0p (net) per share is still expected. In line with previous policy, there will be no interim dividend.

VICTOR TECH.

Victor Technologies Inc. in the U.S., Victor Technologies, DRG and ACT have concluded that a rationalisation of the arrangements for the sale of Victor and Sirius equipment in the UK is desirable. Accordingly DRG is terminating its existing direct contractual arrangements with Victor Technologies and become ACT's sub-distributor in the UK with continuance of its rights to market Victor brand microcomputers.

These revised arrangements are designed to strengthen and co-ordinate the marketing of Victor and Sirius equipment to dealers and end users.

ASSOCIATES DEAL

Morgan Grenfell, as an associate of Habitat Mothercare, bought on March 16 on behalf of a discretionary client, 185,000 Habitat Mothercare ordinary,, 150,000 shares at £2.67, and 35,000 shares at £2.64.

Barker & Dobson buying more shops for nearly £4m

BY CHARLES BATCHELOR

AT A cost of £3.88m, mainly in shares, Barker & Dobson, the confectionery and retailing group, is buying the privately-owned Centre News company, which has 26 shops around Oxford.

This acquisition takes Barker's chain of confectionery, tobacco, newspaper and toy shops to 160 and comes 12 months after it bought the THS Newsagents chain of 15 variety shops in the Bournemouth area.

Barker will issue 47.46m new shares to the owners of Centre News, Mr Nick Mills and Mr Richard Whatmore, and pay £83,031 cash on January 6 1984.

Merchant banker Guinness Mahon will find buyers for 43.79m of the shares which will not be retained by the vendors and which have been conditionally placed with institutions by stockbroker Grieveson, Grant.

Mr Ronald Aitken, chairman of Barker, described Centre News as "a rather nice private business in an area with pretty good spending power."

Barker's shops achieved an average net return on turnover of 4.5 per cent before the THS acquisition a year ago, but the THS stores pushed up the group average to 8.5 per cent. The Centre News stores have an average return of 5.3 per cent. Average store turnover before THS was £203,000, rising to £393,000 afterwards. Average turnover at Centre News is £558,000.

Barker has also revealed details of its first substantial agreement with a foreign manufacturer, Marabou of Sweden, to distribute its chocolate-based products in the UK. Mr Aitken said he was "delighted and slightly surpised" at the demand for the first product, a 15p "Dime Bar" which went on national sale last January.

Barker plans to reduce its dependence on suger confectionery, particularly hard-boiled sweets, for which demand in the UK has declined.

The company will pay no dividend over the 40 weeks ended December 31 1982 but intends to make a payment over 1983.

Barker announced earlier this month that it made a pre-tax profit of £511,000 on turnover of £37.88m in the 40-week period. Its Liverpool sweets factory, where 370 people worked, was closed down on March 10 and production has been transferred to factories at Bury, Nelson and Dundee.

Associated Newspapers U.S. purchase

Associated Newspapers Holdings, publisher of the Daily Mail, is to buy out the outstanding shareholders in its 49.7 per cent owned U.S. publishing associate, The 13-30 Group, which controls the Esquire magazine.

Over the next five years, at a price determined by 13-30 Group's performance, Associated is to purchase the remaining share in annual tranchs of 12.3 per cent, two tranches of 4 per cent followed by a further two tranches of 10 per cent.

Provided 13-30 Group fulfills certain undertakings related to performance and the reorganisation of its corporate structure, Associated will acquire the first tranche, 12.3 per cent, between the beginning of October this year and the end of March 1984.

13-30 Group made profits of $3.08m in the year to end-June 1982 and the consideration payable by Associated will be a multiple of pre-tax profits of either 7.3 or 8 times profits for the current year, dependent on profits growth. The consideration, had the agreement been exercisable, would have been $2.76m cash last year.

Assuming maintained profitability, 13-30 Group's net assets at the time of the purchase of the first tranche would be about $1.25m.

HUMBOLDT ENERGY EUROPA PETROLEUM

Humboldt Energy Corporation has received approval to purchase shares of Europa Petroleum (Europa). Humboldt has committed a maximum of $800,000 a year in each of three years to purchase Europa common shares at prices up to $2 per share. It may not acquire more than 5 per cent of the issued and outstanding Europa common shares in any 12-month period. Based on an estimated cash flow of its oil and gas reserves, the net appraised value of Europa is $2.45 per share.

SHARE STAKES

Cope Allman International—Hawley Group purchased 50,000 ordinary shares at a price of 59½p per share, on March 18. Persons acting in concert with Dowable (of which Hawley is a shareholder), which has made an offer for the ordinary share capital of Cope Allman, now control 5,951,000 ordinary shares (15.06 per cent).

Bogod Pelepah—Mr C. Bogod, a director, has disposed of 72,767 ordinary shares (7.5 per cent) at 9p per share, leaving his total holding as 104,947 (10.82 per cent). He has also acquired 72,767 ordinary "A" restricted voting shares (1.5 per cent) at 8$\frac{1}{16}$p making his holding 645,951 (13.33 per cent). WJB Pension Fund has acquired 72,767 ordinary shares (7.5 per cent) making its total holding as 193,854 (20 per cent).

Sumrie Clothes—Le Chevalerique of Monaco holds 11 per cent of equity (275,000 ordinary shares).

Appleyard Group—J. Sainsbury Pension and Death Benefit Scheme has disposed of 150,000 ordinary and is now beneficial holder of 500,000 ordinary (6.25 per cent). South Yorkshire County Council has sold 150,000 shares which reduces its stake to 5.6 per cent.

Triplex Foundries Group—Mr Peter John Hearnshaw, a director, has acquired 10,000 ordinary shares increasing holding to 12,535 shares (0.61 per cent).

Courtaulds—Mr J. A. Gardiner, a director, has sold a total of 20,000 ordinary shares.

North Midland Construction—Major T. G. Moyle has purchased 10,000 ordinary shares.

Lee Cooper—Mrs Sally Roter has disposed of 17,000 ordinary shares.

Wolverhampton and Dudley Breweries—Hill Samuel Investment Management has bought 25,000 ordinary shares on behalf of discretionary investment clients.

Sterling Industries—Mr P. N. Buckley, a director, has disposed of 5,000 ordinary shares.

Milford Docks—On March 18 Mr W. I. Davies purchased 10,000 ordinary shares at 105p. This represents 1.28 per cent of the issued share capital, making his holding 2.88 per cent, which is in addition to the option which expires on March 31 1983 for 190,000 shares (24.3 per cent).

AC Cars—Goldheath holds a further 8,500 ordinary shares, increasing total to 363,040 ordinary (18.15 per cent).

North British American Investment Company—Pentland Investment Trust has disposed of 220,000 ordinary shares reducing holding to 200,000 shares (3.0 per cent).

Plysu—Mr C. S. J. Summerlin, a director, has disposed of 5,780 ordinary reducing beneficial holding to 1,569,124 (11.52 per cent) and non-beneficial holding to 180,400 shares (1.32 per cent).

FIFE INDMAR

Fife Indmar has agreed terms with the receiver of Precision Machining (Edinburgh) for the acquisition of certain assets of the company. Consideration will be £440,000 in cash. In addition, amounts not exceeding £26,000 will be spent in acquiring certain items of plant currently leased.

LADBROKE INDEX
based on FT Index
649-654 (−9)
Tel: 01-493 5261

Move into screen ink by Burmah Chemicals

Burmah Speciality Chemicals has bought for a reputed £6m to £7m cash all the shares in Sericol Group, a privately owned company specialising in the manufacture and distribution of inks and associated products for the screen printing process.

Sericol's technology is said to be among the most advanced in the sector and it is market leader in the UK. Turnover exceeds £17m and staff numbers some 500.

Sericol has a factory in Broadstairs, Kent, a London sales, marketing and administrative office and six distribution depots throughout the country. It has further sales and distribution in France, Germany and Switzerland, and exports over half its production to countries throughout the world.

It licenses technology to manufacturers in Australia, New Zealand, Mexico, Spain, Japan and India.

PENTLOW DIRECTORS' PARTIAL BUY-OUT

Pentlow Holdings has agreed to sell its property and motor car interests to Mr M. J. Norris and Mr R. J. P. King, the two directors of Pentlow principally responsible for their management, for a total consideration in excess of £750,000.

The proposed buy-out will be subject to approval of the company in general meeting.

Mr Norris and Mr King have resigned as directors, and their ordinary shares and loan stock in Pentlow have been placed with independent private investors.

COPE ALLMAN

Following the issue of the formal offer document on behalf of Dowable, Mr L. J. Manson, chairman of Cope Allman, has written to shareholders to say that the board and its advisers have considered the document but have found nothing in it to change their opinion that the offer takes no account of Cope's asset backing or prospects.

A detailed rejection of the formal offer will be circulated shortly. Meanwhile shareholders are advised to take no action.

RACING

BY DOMINIC WIGAN

ODDS were quoted against 43 horses yesterday by William Hill, sponsor of the Lincoln Handicap, but even at this late stage ante-post backers should tread warily.

William Hill has reintroduced Barooq into its Lincoln market as one of the joint second favourites on 14-1. The move could prove a little premature.

At least three times lately Barooq's trainer, Frankie Durr, has warned that the miler is a doubtful participant, and only on Sunday he told The Sporting Life: "There's a big question-mark against him. I've got everything crossed hoping to get him there in time, but it seems unlikely."

However, leading bookmakers, including Hills and the Tote, still report each-way bets coming for Barooq, albeit in small sums.

While bookmakers contemplate an awkward situation over Barooq's status, money continues to pour in on Cyprus Sky, trained by Ron Smyth. One or two usually well-informed backers claim that Cyprus Sky, the Lincoln favourite, worked with and better than Geoff Lewis's one-time favourite for the race, Cornish Gem, at Epsom early last week.

Still on the subject of the forthcoming flat season, Brooke Bond Oxo is to sponsor the nine-event series for amateur riders again in 1983—for the 11th consecutive year. The series begins at Doncaster on Friday.

Since the series was opened to riders of both sexes in 1976—it originated as a women only affair—the championship title has been won four times by men and three times by women.

FONTWELL

2.30—Glissando
3.30—Swift King
4.00—John Brush**

NOTTINGHAM

1.45—Hope End*
3.15—Port Askaig***

MILES BROTHERS

The business of Miles Brothers (Saredon) has been sold by the joint receivers to Cladcolor Profiling of Glamorgan.

Miles manufactures Pakaway portable buildings. The business will continue from its present premises at Saredon near Wolverhampton.

The receivers were Mr Barrie Bennett and Mr Peter Bandall of chartered accountants Spicer and Pagler.

BOND DRAWINGS

PERUVIAN NATIONAL LOAN
6% External Sinking Fund Bonds 1928
(Second Series)

S. G. WARBURG & CO. LTD., announce that Bonds for the nominal amount of £28,200 have been drawn for the semi-annual redemption instalment due 1st April, 1983.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:—

£1,000 Bonds

8638 8822 8980

£500 Bonds

7283	7404	7460	7570	7683	7737	7850	7943	8027	8151
8256	8366	8479							

£100 Bonds

4	39	109	124	157	190	288	346	383	492
540	563	633	670	708	747	770	783	839	867
883	958	1011	1066	1087	1146	1182	1218	1275	1284
1306	1315	1337	1349	1478	1491	1517	1550	1577	1592
1662	1710	1737	1765	1775	1788	1845	1908	1947	1968
2004	2074	2107	2162	2200	2214	2237	2273	2283	2320
2370	2397	2435	2483	2563	2642	2700	2704	2791	2842
2861	2918	2961	2986	3020	3054	3067	3099	3153	3209
3275	3302	3332	3395	3411	3435	3475	3513	3551	3584
3628	3655	3699	3757	3806	3831	3882	3908	3913	3972
3997	4076	4105	4157	4185	4202	4288	4315	4350	4386
4419	4520	4561	4595	4606	4647	4667	4685	4707	4740
4766	4816	4889	4902	4927	4962	4979	5020	5106	5144
5195	5205	5241	5255	5268	5324	5359	5399	5475	5520
5540	5629	5665	5696	5738	5776	5799	5835	5891	5952
5989	5996	6043	6058	6093	6104	6131	6175	6199	6215
6237	6259	6346	6398	6445	6473	6542	6545	6618	6658
6686	6730	6744	6795	6856	6878	6909	6935	6944	6952
6992	7024	7062	7101	7130	7170	7182			

On the 1st April, 1983, assented Bonds will become payable at the new par value of £174 for each £100 nominal, together with accrued interest to said date at the office of:—

S. G. WARBURG & CO. LTD.,
Bond Department, St. Albans House,
Goldsmith Street, London, EC2P 2DL.

Interest will cease to accrue on the Bonds called for redemption on and after 1st April, 1983, and Bonds presented for payment must have attached all coupons maturing after that date.

£199,000 nominal Bonds will remain outstanding after 1st April, 1983.

The following Bonds drawn for redemption on the dates stated below have not as yet been presented for payment.

Due 1st October, 1975
£100 Bonds: 2734

Due 1st April, 1977
£100 Bonds: 4316

Due 1st April, 1978
£100 Bonds: 4830

Due 1st October, 1979
£100 Bonds

138	1163	2436	3061	3117	3489	4503	4624	4887	4954
5197	5544	6983							

Due 1st April, 1980
£100 Bonds

1518 1820 2600 2733

Due 1st October, 1980
£100 Bonds

112	198	440	547	714	785	861	1863	2201	2395
2422	2922	3316	3484	3542	3884	4314	4398	4742	4767
5707	5975	6123	6361	6449	6489	6531	6575	6687	6981
7131									

£500 Bonds
7603 7992

Due 1st April, 1981
£100 Bonds

10	553	780	1498	1717	1864	1929	2260	2304	2739
3059	3268	3676	3729	4030	4186	4205	4581	4663	4975
5117	5236	5543	5630	5652	5685	5826	5875	6183	7125

£500 Bonds
8069

Due 1st October, 1981
£100 Bonds

151	1110	1510	1566	1583	1602	1772	2236	2262	2433
3027	3432	4229	4654	4695	4886	4916	5244	5266	5365
6081	6179	6242	6937	7099					

Due 1st April, 1982
£100 Bonds

160	382	628	898	954	1017	1065	1102	1177	1391
1504	1531	1584	1613	1688	1774	2097	2161	2293	2496
2757	3003	3026	3062	3424	3595	3631	3895	3917	4006
4167	4368	4574	4599	4614	4805	4903	4937	5023	5116
5269	5536	5684	5858	6571	6908	7000			

£500 Bonds
7353 7869

£1,000 Bonds
8761

Due 1st October, 1982
£100 Bonds

6	669	776	784	1210	1392	1506	1527	1618	1684
1743	1931	2008	2427	3060	3438	3597	3803	4072	4538
4665	4970	5105	5135	5404	5523	5974	6184	6692	7048
7143	7152								

£500 Bonds
7686 7932

£1,000 Bonds
8710

30, Gresham Street, London, EC2P 2EB. 22nd March, 1983

BASE LENDING RATES

A.B.N. Bank	10½%
Al Baraka International	10½%
Allied Irish Bank	10½%
Amro Bank	10½%
Henry Ansbacher	10½%
Arbuthnot Latham	10½%
Armco Trust Ltd.	10½%
Associates Cap. Corp.	11 %
Banco de Bilbao	10½%
Bank Hapoalim BM	10½%
BCCI	10½%
Bank of Ireland	10½%
Bank Leumi (UK) plc	10½%
Bank of Cyprus	10½%
Bank Street Sec. Ltd.	10½%
Banque Belge Ltd.	10½%
Banque du Rhone	11½%
Barclays Bank	10½%
Beneficial Trust Ltd.	11½%
Bremar Holdings Ltd.	11½%
Brit. Bank of Mid. East	10½%
■ Brown Shipley	11 %
Canada Perm't Trust	11½%
Castle Court Trust Ltd.	11 %
Cayzer Ltd.	10½%
Cedar Holdings	11 %
■ Charterhouse Japhet	10½%
Choulartons	11½%
Citibank Savings	¶10 %
Clydesdale Bank	10½%
C. E. Coates	11 %
Comm. Bk. of N. East	10½%
Consolidated Credits	11 %
Co-operative Bank	*10½%
The Cyprus Popular Bk	10½%
Duncan Lawrie	10½%
E. T. Trust	11½%
Exeter Trust Ltd.	11½%
First Nat. Fin. Corp.	13½%
First Nat. Secs. Ltd.	13 %
Robert Fraser	11½%
Grindlays Bank	‡10½%

■ Guinness Mahon	10½%
■ Hambros Bank	10½%
Heritable & Gen. Trust	10½%
■ Hill Samuel	§10½%
C. Hoare & Co.	†10½%
Hongkong & Shanghai	10½%
Kingsnorth Trust Ltd.	12 %
Knowsley & Co. Ltd.	11 %
Lloyds Bank	10½%
Mallinhall Limited	10½%
Edward Manson & Co.	12 %
Midland Bank	10½%
■ Morgan Grenfell	10½%
National Westminster	10½%
Norwich Gen. Tst	10½%
P. S. Refson & Co.	10½%
Royal Trust Co. Canada	10½%
Roxburghe Guarantee	11 %
Slavenburg's Bank	10½%
Standard Chartered	‖10½%
Trade Dev. Bank	10½%
Trustee Savings Bank	10½%
TCB	10½%
United Bank of Kuwait	10½%
Volkskas Intl. Ltd.	10½%
Westpac Banking Corp.	10½%
Whiteaway Laidlaw	11 %
Williams & Glyn's	10½%
Wintrust Secs. Ltd.	10½%
Yorkshire Bank	10½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.5%; 1-month 7.75%. Short-term £8,000/12-months 10.1%.
† 7-day deposits on sums of: under £10,000 7½%, £10,000 up to £50,000 8¼%, £50,000 and over 9%.
‡ Call deposits £1,000 and over 7½%.
‖ 21-day deposits over £1,000 8½%.
§ Demand deposits 7½%.
¶ Mortgage base rate.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

TRADED OPTIONS

EUROPEAN OPTIONS EXCHANGE

Series		June Vol.	June Last	Sept. Vol.	Sept. Last	Dec. Vol.	Dec. Last	Stock
D.FL C	F.265	2	5.50 B	—	—	3	8.50 B	F.269
D.FL C	F.270	—	—	25	5.50	—	—	"
D.FL C	F.275	5	2	2	3.50	—	—	"
D.FL P	F.260	16	3.50 A	5	7 A	—	—	"
D.FL P	F.265	8	7	—	—	—	—	"
		May		Aug.		Nov.		
GOLD C	$375	7	59	—	—	—	—	$415
GOLD C	$400	5	38 B	8	58	1	74	"
GOLD C	$425	36	21 B	8	40	5	49	"
GOLD C	$450	60	12	1	29	2	40	"
GOLD C	$475	53	6.50	19	19	19	30.50	"
GOLD C	$500	58	4.50	32	12	12	23	"
GOLD C	$550	83	2.50	17	6.50	1	13	"
GOLD P	$350	8	4.40	—	—	—	—	"
GOLD P	$375	17	8	—	—	—	—	"
GOLD P	$400	13	15	3	23	1	26	"
GOLD P	$425	4	25 A	11	35	—	—	"
GOLD P	$450	—	—	—	—	5	52	"
GOLD P	$475	8	64	—	—	—	—	"
GOLD P	$500	1	88	—	—	—	—	"
12¾ NL 81 87-91								
C	F.122.50	2	12.10	—	—	—	—	F.134.30
C	F.127.50	—	—	2	7.20	—	—	"
C	F.135	100	1.30	—	—	—	—	"
P	F.130	—	—	20	1.80	—	—	"
P	F.135	20	1.90	—	—	—	—	"
10¾ NL 80 86 95								
C	F.115	—	—	5	2.40 A	—	—	F.115
7¾ NL 82 89 93								
C	F.100	—	—	50	2	—	—	F.100.30
7½ NL 83 87-90								
C	F.100	—	—	50	1.80	—	—	F.99.90

Series		April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ABN P	F.320	23	32.50	—	—	—	—	F.350
ABN C	F.340	30	3	—	—	—	—	"
AKZO C	F.30	54	23.30	—	—	—	—	F.53.60
AKZO C	F.32.50	16	20.90	—	—	—	—	"
AKZO C	F.40	—	—	49	14	—	—	"
AKZO C	F.45	20	8.70 B	28	9.20	—	—	"
AKZO C	F.50	—	—	22	6.80	35	8.10	"
AKZO C	F.55	46	2.30	28	4.30	—	—	"
AKZO C	F.60	—	—	17	2.40	62	3.60	"
AKZO P	F.50	42	1.10	21	3.60	28	4.20	"
AMRO C	F.45	32	10.50 B	—	—	—	—	F.56
AMRO C	F.50	40	5.60	51	7.20	—	—	"
AMRO C	F.55	—	—	42	4.50	99	5	"
AMRO P	F.55	15	1.20	—	—	—	—	"
GIST P	F.130	20	2.50	—	—	—	—	F.141.50
HEIN C	F.120	100	5.50	207	6.50	—	—	F.128.30
HEIN C	F.130	54	1	—	—	50	5	"
HEIN P	F.120	22	1.90	—	—	—	—	"
HOOG C	F.17.50	25	5.50 A	—	—	—	—	F.23
HOOG C	F.22.50	107	1.80	—	—	—	—	"
HOOG C	F.25	—	—	20	2.10	—	—	"
HOOG P	F.17.50	—	—	—	—	45	1	"
KLM C	F.140	40	24	—	—	—	—	F.163.50
KLM C	F.160	34	8.30	—	—	—	—	"
KLM C	F.170	118	3.50 B	18	8.60	—	—	"
KLM P	F.110	20	0.30	—	—	—	—	"
KLM P	F.150	16	2	—	—	—	—	"
NEDL P	F.90	—	—	150	3.90 A	—	—	F.101.90
PHIL C	F.27.50	35	11.30	2	11.30	—	—	F.39
PHIL C	F.30	91	8.90	81	9	38	9.10 B	"
PHIL C	F.32.50	42	6.50	117	6.50	25	7.30 B	"
PHIL C	F.35	354	4.10 B	54	4.50	164	6.50	"
PHIL C	F.40	858	1.30	123	2.50	226	3.50	"
PHIL C	F.45	—	—	1125	1	617	1.70	"
PHIL P	F.35	—	—	138	1.10	8	1.40	"
PHIL P	F.40	6	1.80	15	3.30	1	3.80 A	"
RD C	F.90	41	11 A	79	12	11	12.80	F.99.70
RD C	F.100	358	3.80	35	6	101	8	"
RD C	F.110	188	0.90	251	2.60	79	3.80	"
RD P	F.90	34	0.30	26	2	96	3.10	"
RD P	F.100	68	3 B	95	6.50	20	7.70	"
UNIL C	F.180	40	25.10 B	—	—	—	—	F.206
UNIL C	F.200	13	8.50 B	19	14.50	2	19	"
UNIL C	F.220	41	2	27	7	5	10	"
UNIL P	F.190	—	—	90	4.30 A	—	—	"

TOTAL VOLUME IN CONTRACTS 8,869

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		CALLS April	CALLS July	CALLS Oct.	PUTS April	PUTS July	PUTS Oct.
BP (USP 320)	260	64	—	—	1	—	—
" "	280	44	—	—	3	—	—
" "	300	26	40	48	5	14	20
" "	330	6	20	28	20	26	32
" "	360	2	10	—	42	48	—
CGF (USP 474)	420	60	70	—	2	11	—
" "	460	30	47	60	13	27	34
" "	500	11	28	37	37	47	55
" "	550	4	16	25	88	82	87
" "	600	2	7	11	2	132	137
CTD (USP 90)	70	21	23	25	1½	2	3½
" "	80	11	13	15	2	4	6
" "	90	5	7	10	4	8	9
" "	100	2½	4	6	13	16	17
CUA (USP 126)	120	10	15	—	3	5	—
" "	130	4	9	14	9	11	13
" "	140	1	5	9	18	20	21
" "	160	1	2	4	37	38	39
GEC (USP 201)	180	23	30	42	2	5	7
" "	187	10	—	—	7	—	—
" "	200	—	19	25	—	12	17
" "	217	3	—	—	21	—	—
" "	220	—	10	16	—	26	34
" "	237	1	—	—	40	—	—
" "	240	—	6	—	—	44	—
" "	260	½	4	—	62	62	—
GM (USP 328)	240	2	—	—	1	—	—
" "	260	71	—	—	1	—	—
" "	280	51	60	—	1	3	—
" "	300	32	41	—	2	5	—
" "	330	12	20	28	10	16	18
" "	360	3	11	18	34	35	37
" "	390	1	6	10	2	65	66
ICI (USP 396)	260	140	—	—	2	—	—
" "	280	2	—	—	2	—	—
" "	300	100	108	—	2	—	—
" "	330	70	78	—	2	3	—
" "	360	42	50	64	2	8	10
" "	390	20	34	42	8	18	20
" "	420	4	17	22	26	30	32
LS (USP 319)	260	60	64	69	1	3	—
" "	280	40	44	50	2	5	9
" "	300	20	29	37	4	10	13
" "	330	4	12	19	18	23	25
M & S (USP 191)	160	34	—	—	1½	—	—
" "	180	17	24	30	4	7	10
" "	200	6	14	19	13	17	20
" "	220	2	6	10	31	32	34
" "	240	1	2	—	51	52	—

Option		CALLS Apr.	CALLS Jul.	CALLS Oct.	PUTS Apr.	PUTS Jul.	PUTS Oct.
SHL (USP 428)	360	72	—	—	—	—	—
" "	390	42	53	60	1½	5	8
" "	420	20	34	42	8	13	20
" "	460	4	14	22	36	40	44

Option		CALLS May	CALLS Aug.	CALLS Nov.	PUTS May	PUTS Aug.	PUTS Nov.
BBL (USP 448)	360	98	108	—	1	2	—
" "	390	68	78	—	2	4	—
" "	420	40	50	63	4	10	16
" "	460	14	23	33	20	28	35
" "	500	8	13	23	55	60	68
IMP (USP 111)	90	23	—	—	1	—	—
" "	100	15	—	—	2	—	—
" "	110	8	14	19	5	7	9
" "	120	4	8	11	11	13	15
" "	130	1½	5	7	20	21	22
LMO (USP 232)	220	27	37	47	12	20	30
" "	240	17	25	37	18	28	37
" "	260	8	16	29½	32	38	47
" "	280	4	10	18	52	67	64
" "	300	1½	6	—	72	75	—
" "	330	1	3	—	102	105	—
" "	360	1	—	—	132	—	—
" "	390	1	—	—	162	—	—
LNR (USP 82)	80	6½	9	12	3½	5	6½
" "	90	2½	5	7	10	12	13
" "	100	0¾	2½	3½	20	22	25
P & O (USP 140)	100	43	43	—	0½	1	—
" "	110	33	33	—	1	2	—
" "	120	23	23	26	1½	5	8
" "	130	14	16	19	3	8	11
" "	140	7	11	14	7	13	16
" "	160	2	5	7	21	25	27
RCL (USP 449)	420	40	54	70	7	11	13
" "	460	15	28	45	22	32	40
" "	500	5	16	25	55	57	70
" "	550	2	6	—	105	107	—
" "	600	1	3	—	155	157	—
" "	650	1	—	—	205	—	—
RTZ (USP 504)	390	120	—	—	1	2	—
" "	420	90	95	—	2	—	—
" "	460	57	70	—	7	14	—
" "	500	32	47	57	23	40	43
" "	550	9	21	32	55	62	72
VRF (USP 394)	50	—	—	—	1	—	—
" "	55	—	—	—	1	—	—
" "	60	—	—	—	1	—	—
" "	70	8	—	—	1	—	—
" "	80	2	—	—	3½	—	—
" "	90	9½	14½	16½	6½	9½	12
" "	100	8	9½	12	11½	14½	17
" "	110	3	6½	9	17	18½	22
" "	120	1½	4	6	26½	27	27
" "	130	1	2½	4	36½	2	37
" "	140	0¾	2	3	2	—	2

Mar. 21 Total Contracts 1,842 Calls 1,277 Puts 565

INSURANCE & OVERSEAS MANAGED FUNDS

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF 01-404 0393

'Asset Builder'	63.0	66.3		—

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511.

Money Mngr Mar 15	56.7	61.2		—
MM Flexible Mar 3	47.7	50.3		—
Fixed Interest Mar 1	52.3	55.1		—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. 0272-279179

Equity	214.8	221.2		—
Fixed Interest	155.9	156.6		—
Property	159.0	163.7		—
Deposit	138.1	138.1		—
Mixed	181.9	185.5		—
Indexed Stk.	113.8	114.3		—

London Life Managed Funds Ltd.

Equity (P.)	150.3	155.9		—
Fixed Int. (P.)	157.5	158.6		—
Property (P.)	116.9	120.9		—
Deposit (P.)	115.5	115.5		—
Mixed (P.)	142.8	145.9		—
Indexed Stock (P.)	119.9	120.7		—

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS. 0392 52155

Invest. Tst. Fd. Cap.	268.6	—	+0.1	—
Invest. Tst. Fd. Acc.	278.0	—	+0.1	*9.0
Property Fund Cap.	116.1	—	-0.1	—
Property Fund Acc.	120.1	—		*3.4
Flexible Fund Cap.	174.5	—	-1.0	—
Flexible Fund Acc.	180.3	—	-1.0	*2.9
Fixed Int. Fd. Cap.	135.5	—	-1.0	—
Fixed Int. Fd. Acc.	140.4	—	-1.0	—
Gtd. Deposit Fd. Cap.	137.2	—		—
Gtd. Deposit Fd. Acc.	141.0	—		—
Equity Fund Cap.	137.0	—	-1.1	—
Equity Fund Acc.	141.3	—	-1.1	—
International Fd. Cap.	133.3	—	+0.5	—
International Fd. Acc.	137.4	—	+0.6	—
Capital Gwth. Fd.	394.8	—	-0.8	—
Moneymaker Fund	158.6	—	-0.8	—
Exempt Inv Tst Cap.	372.3	—	+0.4	—
Exempt Inv Tst Acc.	376.4	—	+0.6	—
Exempt Inv Tst NS	375.7	—	+0.5	*5.0

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU 01-680 0606

Property Fund		282.0		—
Property Fund (A)		274.8		—
Agricultural Fund		1052.7		—
Agric. Fund (A)		1026.9		—
Abbey Nat. Fund		223.2		—
Abbey Nat. Fd. (A)		222.4		—
Investment Fund	130.2	—		—
Investment Fund (A)	128.4	—		—
Equity Fund	383.1	—	-5.6	—
Equity Fund (A)	376.9	—	-5.6	—
Money Fund		207.4		—
Money Fund (A)		203.9		—
Actuarial Fund		201.0		—
Gilt-edged Fund	182.3	—	-1.4	—
Gilt-Edged Fd. (A)	182.3	—	-1.4	—
Retire Annuity		342.7		—
Immed. Ann'ty		194.0		—
International Fd.	236.3	—	+1.3	—

Property Gth Pens & Annuities Ltd

All Wther Ac. Uts.	237.4	250.0		—
Inv. Fd. Uts.		264.8		—
Pension Fd. Uts.		238.0		—
Conv. Pens. Fd.		268.8		—
Cnv. Pns. Cap. Ut.		205.5		—
Man. Pens. Fd.		310.0		—
Man. Pens. Cap. Ut.		246.0		—
Prop. Pens. Fd.		267.6		—
Prop. Pens. Cap. Uts.		207.2		—
Bldg. Soc. Pen. Ut.		239.3		—
Bldg. Soc. Cap. Ut.		186.9		—
Gilts Pens. Fd.	158.2	—	-1.7	—
Gilts Pens. Fd. Cap.	141.3	—	-1.6	—
Equity Pens. Fd.	229.8	—	-2.4	—
Equity Pens. Fd. Cap.	205.4	—	-2.4	—

Providence Capitol Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG. 01-749 9111

Equity Acc.	96.6	101.9	-1.1	—
Fixed Interest Acc.	88.9	93.8	-0.8	—
Intnl. Acc.	76.0	80.2	+0.9	—
Managed Acc.	86.6	91.3	-1.4	—
Property Acc.	107.2	113.1		—
Money Acc.	71.6	75.6		—
Special Market Acc.	63.4	66.9	+0.2	—
Japan Acc.	52.3	55.2	+0.9	—

OFFSHORE AND OVERSEAS

NOTES

INTERNATIONAL CAPITAL MARKETS

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. The following are closing prices for March 21.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 14⅛ 89	75	112	112½	-0⅛	-0⅛	11.34
Amro Bank 13 89	200	104⅞	105⅜	-0⅛	+0⅛	11.38
BHP Finance 14⅜ 89	150	108½	109	-0⅛	-0¼	12.59
British Col Hyd 15¼ 92	150	117	117½	-0⅛	+0⅛	12.04
Canada 14⅜ 87	750	110½	111	-0⅛	-0⅛	11.02
Canadair Ltd 12½ 89	175	104½	105	-0¼	0	11.41
Canadian Wheat 11¼ 90	50	100⅛	100⅝	-0⅛	0	11.15
Can Pac Ltd 14⅝ 92	75	110⅞	111⅜	0	-0⅛	12.50
Can Pac Sec 15 88	75	109½	110¼	0	+0⅛	12.61
Citicorp O/S 15 84/92	100	104⅝	105⅛	0	0	9.92
Coca Cola Int 9⅞ 92	100	24½	25	-0⅛	0	10.77
Coca Cola Int 11¾ 89	100	104¾	105¼	-0⅛	-0⅛	10.62
Credit Suisse 10½ 89	100	100½	101	-0⅛	+0¼	10.32
Deutsche Bk Fin 14¼ 89	300	110⅝	110⅞	-0⅛	0	11.75
Du Pont 11¼ 95	150	101½	102	0	+0½	10.97
Du Pont 14⅛ 89 WW	200	107⅜	107⅞	-0⅛	0	12.29
E.D.C. 10⅝ 88	100	99⅝	100⅛	0	-0¼	10.73
E.D.F. 12¾ 87	150	103⅞	104⅜	0	-0¼	11.58
E.E.C. 11½ 95	200	98⅞	99⅜	-0¼	+0⅛	11.63
E.I.B. 11 91	125	97¾	98¼	-0⅛	+0⅛	11.39
E.I.B. 15½ 92	100	113⅞	114⅜	-0⅜	-0⅛	12.78
Exp Dev Corp 11¾ 87	100	102¼	102¾	0	+0½	10.99
Forsmarks 13¾ 92	75	105⅜	105⅞	-0⅛	+0⅛	12.66
Gaz de France 12¼ 93	175	19¾	20¼	0	-0¼	12.24
Gen Elec Credit 9¾ 91	100	14⅜	14⅞	-0⅜	-0⅜	10.73
Gen Elec Credit 12 89	100	106⅞	107⅜	0	+0¼	10.41
GMAC O/S Fin 10½ 90	200	97⅜	97⅞	+0⅛	+0⅛	11.00
GMAC O/S Fin 15 87	100	108⅝	109⅛	-0¼	0	12.12
Gulf Oil Fin 12¾ 87	100	103⅜	103⅞	-0⅜	-0½	11.14
IBM World Trade 12¼ 92	200	109¼	109¾	-0⅛	+0⅛	10.59
Lloyds Euro 11½ 94	100	17¼	17¾	-0⅛	-0⅛	11.09
Manitoba Prov 11¾ 89	125	102½	103	-0⅛	-0⅛	11.11
Manitoba Prov 13¾ 89	100	108½	109	-0⅛	0	11.71
Midland Int Fin 11½ 92	150	99⅝	100⅛	-0⅛	+0⅛	11.50
Nat West Fin 11¾ 92	150	101½	102	-0⅜	-0⅜	11.41
New Brunswick 15¼ 87	75	111⅜	111⅞	0	-0⅛	11.64
Newfoundland 15½ 90	75	113¼	113¾	-0⅛	0	12.55
Nippon Credit 11¼ 93	100	96⅞	97⅜	-0⅛	0	11.75
Nova Scotia Prv 15⅛ 89	75	113¼	113¾	-0⅛	0	12.04
Ontario Hydro 11¼ 89	200	102½	103	-0¼	-0½	10.64
Ontario Hydro 12¾ 92	200	106⅜	106⅞	0	-0⅛	11.54
Ontario Hydro 15 92	150	116¼	116¾	-0⅛	-0¼	11.94
Prudential O/S 10⅝ 93	100	99⅜	99⅞	0	+0¼	10.68
Prudential O/S 12¾ 87	150	106¼	106¾	-0⅛	+0¼	10.83
Quebec Hydro 11½ 92 D	100	100¼	100¾	-0⅛	-0⅜	11.39
R. J. Reynolds 12¾ 89	100	104½	105	-0¾	-0⅜	11.63
Saskatchewan Pr 10¾ 90	125	98¼	98¾	-	-	11.87
Skand Enskil 11½ 88	100†	99	99½	-0⅛	+0⅛	11.70
S.N.C.F. 11½ 93	100	98¾	99¼	+0¼	+0½	11.67
Swed Exp Credit 14⅜ 90	100	108⅞	109⅜	0	+1⅛	12.71
Swiss Bk Corp 10¼ 90	125	99⅝	100⅛	-0⅛	+0¼	10.23
Texaco Capital 9⅝ 90	150	94⅝	95⅛	+0⅛	-0¼	10.63
U.B.S. 11 89	150	102½	103	-0⅛	+0½	10.38
Walt Disney Pro 12½ 89	75	103⅝	104⅛	-0⅛	+0¼	11.58

World Bank 10⅜ 88
World Bank 10⅞ 93
World Bank 11⅛ 88
Av. price changes: on day

DEUTSCHE MARK STRAIGHTS

SWISS FRANC STRAIGHTS

FLOATING RATE NOTES

CONVERTIBLE BONDS

U.S. airline to raise $40m

BY WILLIAM HALL IN NEW YORK

CONTINENTAL Airlines, the seventh largest U.S. airline, is raising $40m through a public offering of common and convertible preferred stock in its second capital raising exercise in less than a week.

Last week American General Corp., a Houston insurance company, agreed to invest $40m in the loss-making airline. If it exercises its option to take up shares under five year warrants it could eventually have a 20 per cent stake in the airline.

Continental is the latest in a string of U.S. airlines coming to the market to raise fresh equity capital to strengthen their balance sheets, following a period when fierce competition and low fares have led to mounting debts and huge losses for many airlines.

Continental has filed with the Securities and Exchange Commission for an initial public offering of 2m units consisting of one share of common stock and one share of convertible preferred stock. The price per unit will be around $20.

Texas Air Corporation bought full control of Continental Airlines late last year. After the current offering is completed its stake in Continental will drop to 91 per cent, and if American General exercises its warrants its stake could fall to 68 per cent.

Continental, which made a net loss of $41.8m last year, is the main airline in the Houston market, accounting for more than half the daily departures from Houston's international airport. Its international routes span Mexico, South America and the South Pacific.

Iran reaches $125m accord with Citibank

By Terry Povey in London

CITIBANK of the U.S. has reached a settlement with Iran in its claim for repayment of $125m in non-syndicated loans following talks in London.

In what is by far the largest settlement to date, the $125m is to be set off against an agreed $132 m payment by Citibank to Iran.

The payment arises from the interest accrued on Iran's oil account with the bank during the period of the 1979–81 U.S. embassy hostage crisis. As a result of the agreement Iran is to receive the $7m balance.

Citibank was one of the four largest bank claimants aginst Iran. Another of the four, Manufacturers Hanover Trust, started talks with Iranian Central Bank representatives yesterday.

Discussions with the other two Chase Manhattan and Bank of America, however, have been suspended for some time

Neither Chase Manhattan nor Bank of America view the resolution of the Citibank claim as any indication that their own will be settled quickly.

DM bonds ease in subdued trading

BY MARY ANN SIEGHART IN LONDON

YESTERDAY's revaluation of the Deutsche Mark within the European Monetary System had surprisingly little effect on the D-Mark Eurobond sector. Dealers had expected the market to be more active with investors speculating on currency realignments. In fact, some profit-taking took place in the morning, and prices of seasoned bonds fell by about ¼ point in subdued trading.

Herr Thomas Reh of Westdeutsche Landesbank said, "I don't expect a very exciting week this week. What we need is a real cut in interest rates in the U.S. and I can't see that happening yet. Meanwhile, people are still working out their currency positions."

There were no new D-Mark issues yesterday but today should see a DM 200m bond from the Inter-American Development Bank, led by Deutsche Bank, which should carry a coupon of around 7¾ per cent. Friday's open-priced DM 150m offering from Euratom has a 10-year life and a coupon of 7¾ per cent. It was trading yesterday at a discount of around 1½ points.

● Sweden's jumbo $1.5bn 8-year Eurocredit has met with such a positive response that bankers now expect it to be increased for a second time, to $1.6bn.

FT COMMERCIAL LAW REPORTS

Enforcement of foreign arbitration awards

GOVERNMENT OF KUWAIT v SIR FREDERICK SNOW & PARTNERS AND OTHERS

Court of Appeal (Lord Justice Stephenson, Lord Justice Fox and Lord Justice Kerr): March 17, 1983

WHERE AN arbitration award is made as between parties whose respective states are not party to the New York Convention on the Enforcement of Foreign Awards, the award may nevertheless be enforced under the convention if, by the time action on the award *commences, one of the states* has adhered fully to the convention, or both have adhered fully or on a reciprocal basis.

The Court of Appeal so held when allowing an appeal by the Government of Kuwait from Mr Justice Mocatta's decision on a preliminary issue in an action against Sir Frederick Snow and Partners, that an arbitration award in favour of Kuwait was not enforceable in the UK under the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

Article III of the New York Convention 1959 provides that "each contracting state shall recognise arbitral awards as binding and enforce them in accordance with the rules of procedure of the territory where the award is relied upon. . . ."

The Arbitration Act 1975 gave effect to the convention in the UK as from December 23 1975.

* * *

LORD JUSTICE KERR said that *in July 1958 Snow contracted* with the Kuwait Government to carry out construction works at Kuwait airport. The contract provided for arbitration in Kuwait.

Cracks appeared in the airport runway and a dispute arose. In October 1964 Kuwait terminated the contract and the dispute was referred to arbitration.

In July 1979 an award, equivalent to about £3½m, was made in favour of Kuwait against Snow.

In Kuwait's action on the award four preliminary issues were ordered to be tried. The present appeal, 18½ years after the dispute arose, related to the third. That was whether the award was a "convention award" for the purposes of the Arbitration Act 1975.

Section 7(1) of the Act provided that "a 'convention award' means an award made in pursuance of an arbitration agreement in the territory of a state . . . which is party to the New York Convention."

The New York Convention came into force on June 7 1959, in the hope that it would ultimately supersede the Geneva Convention on the Execution of Foreign Arbitral Awards 1927.

The Geneva Convention, which provided for enforcement of foreign awards on a basis of reciprocity, had proved to be unsatisfactory. The New York Convention adopted a more ambitious approach by being primarily designed for the enforcement of *all* foreign awards, but with an option to adhere only on a basis of reciprocity.

When the award in the present case was published, on September 15 1973, the UK, but not Kuwait, was a party to the Geneva Convention. Neither was a party to the New York Convention. Accordingly, the award was then enforceable in the UK, if at all, only at common law.

The UK became a party to the New York Convention on December 23 1975. It adhered on a reciprocal basis. Kuwait became a party on July 27 1978.

The present proceedings were instituted by Kuwait on March 23 1979. Mr Justice Mocatta held that the award could not be enforced as a "convention award" under the 1975 Act because, on his construction of the Act, it applied only if the award was made in Kuwait *after* July 27 1978, when Kuwait became a party to the convention.

The judge said there was no clear reason, based on the language of the definition of "convention award" in section 7, for giving the Act a "retrospective" effect. He preferred a "prospective" construction.

There was no substance in the "retroactivity" argument, and a *careful analysis of the Act*, taken alone or in the context of the Convention, showed that the construction put forward by Kuwait was correct.

The problem revolved round the question whether "made" in the phrase "an award made" in section 7, was to have some chronological meaning, ie "made" after the date when a particular state became a party to the Convention, or whether it was to be construed geographically in that the award must have been made in the territory of a state which was a party to the Convention when the award was sought to be enforced.

Kuwait submitted that the definition in section 7 showed that the court need only ask itself two questions: (i) in the territory of what state was the award made; and (ii) was that state a party to the convention? It said that the court was not concerned with the date of accession.

That was right. Snow's construction required "is a party to the convention" to be read as if there were added words such as "and was a party when the award was made."

The absence of any reference in the definition to any date relating to awards which qualified for enforcement, became significant when compared with the language used in other legislation in the same field.

The omission of reference to any date directly or indirectly, and the use of the present tense, "is a party to the convention," were deliberate and significant.

Mr Wright, for Snow, submitted that the award could not *change its character on July 27* 1978, nearly four years after it had been published. Mr Justice Mocatta had accepted that submission.

It could easily be shown that awards could and would "change their character," in the sense of a change in basis for their enforcement.

For example, if a state were party to the Geneva Convention and then acceded to the New York Convention, an award made in its territory would have been enforceable in the UK under the Geneva Convention until December 23 1975, and under the New York Convention thereafter.

Similarly, if the state had never been a party to the Geneva Convention, but had acceded directly to the New York Convention, an award would, in the UK, have been enforceable only at common law until December 23 1975, but as a "convention award" thereafter.

Those were changes resulting from the UK's accession to the New York Convention. A change in character would also result from the accession of the state in whose territory the award was made.

There was no reason of policy, in the sense of the presumed intention of Parliament, as expressed in the 1975 Act, which favoured Snow's construction

It was in the interest of the UK that other contracting states should enforce awards made in the UK, and it might hope for a wider basis of reciprocity if it enforced all awards made in other contracting states.

Also, unless the convention were denounced *in toto*, every adherent must enforce all awards made in the territory of every other adherent, past or future.

The presumed intention of Parliament, on grounds of policy, did not enter into the question of construction.

Nor was any argument against "retroactivity" of any substance. The presumption against a retrospective construction did not apply to statutes which were procedural in nature. A statute dealing merely with recognition or enforcement of prior rights would be classified as procedural under English rules of Private International Law.

Moreover, if all retrospective effect were to be avoided in the present context, one would logically have to go back beyond the award to the arbitration agreement itself.

The evidence showed that there was nothing internationally dissonant in his Lordship's construction, which appeared to be in line with the law in other New York Convention states.

The award was a convention award for the purposes of the 1975 Act.

Lord Justice Stephenson and Lord Justice Fox agreed. Appeal allowed.

For Kuwait: Bernard Rix QC and John Kelly (Charles Russell and Co.).

For Snow: Desmond Wright QC and Nicholas Dennis (Blakeney's).

By Rachel Davies
Barrister

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Tuesday March 22 1983

Downpour leaves Australian farmers jubilant, Page 35

WALL STREET

Treasury's demands dominate

THE WEEK opened nervously on Wall Street as credit markets braced themselves for the major tranche of U.S. treasury financing which has been hanging over them for several weeks, *writes Terry Byland in New York.*

The uncertainty was all the greater after Friday afternoon's announcement of a $4.8bn increase in basic money supply, coupled with indications in the market that yields are likely to rise further at today's auction of four-year Treasury bills.

But the Dow Jones industrial average closed 7.55 up at 1,125.29, although turnover remained moderate with 72.3m shares traded. Share gains at 832 compared with losses for 723.

For this week, the Treasury has due $13.5bn in note and bond financings, in addition to the normal weekly bill auctions of around $12bn. Auctions of four, seven and 20-year issues are planned for today, tomorrow and Thursday respectively.

The 20-year government bonds currently yield nearly 11 per cent in the market, and the new four-year notes announced for auction this week traded on a when-issued basis on Friday to yield 10.14 per cent compared with only 9.91 per cent on similar issues a few days previously.

But, with the Federal funds rate a touch easier yesterday morning, credit markets managed to open firmer, with Treasury bill rates giving up few basis points of the rises over the previous week. The firmer tone reflected technical short-covering by the market professionals, and retail demand remained very thin.

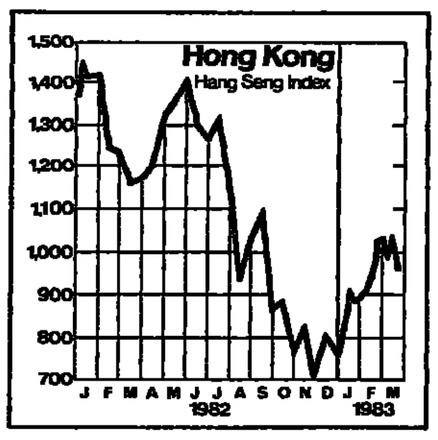
Major investors chose to buy stock and close up their positions in the market rather than leave themselves exposed later in the week. Helping the trend towards slightly lower rates was a $1.2bn customer repurchase by the Federal Reserve.

The early gains in bond prices were trimmed at midsession after the Commerce Department disclosed preliminary figures indicating 4 per cent growth in the U.S. economy in the first quarter of the year. The Federal funds rate ended at 8.75 per cent, unchanged from Friday. The discount rate on three-month Treasury bills stood at 8.48 per cent and on six-month bills at 8.53 per cent. The benchmark Treasury long bond, the 10¾ per cent of 2012, ended at 97$\frac{9}{32}$ after touching 97¾.

Share markets remained unsettled by the nervousness of the credit sectors. However, forecasts of a general downward correction in stocks have lost some credence since last week's display of resilience for the present, confidence in the economic recovery in the U.S. further stimulated last week by an upturn in housing starts, offsets the likelihood that falls in interest rates may be delayed.

After a pause at midday when prices slipped back for a time, renewed interest was shown towards the close. Among leading industrials General Electric moved up $¾ to $102⅞. IBM, the market's most widely-held stock, pushed up through the $100 mark to $100⅛.

Resource issues drifted downward in Toronto, leaving the market buoyed mainly by the property sector as banks also showed signs of weakness. Montreal was additionally affected by setbacks in the paper and publishing sector.



FAR EAST

Property problems hit Hong Kong

A SPATE of poor corporate results, notably in the property sector, rode in uncomfortable tandem with foreign exchange nervousness yesterday to take **Hong Kong** share prices sharply lower, but trading was thin as institutional investors withdrew.

Brokers noted that some fund managers were acting to square their books in the wake of a strong U.S. dollar. The Hang Seng index slid 36.21 to 955.11, but most participants remain confident that a floor will hold at around the 900 mark, the expected trigger level for a renewed overseas buying campaign.

Swire Properties shed 50 cents to HK$5.45 and International City 1½ cents to 46 cents after their 1982 earnings reports, depressing Cheung Kong 50 cents to HK$9.10, Hongkong Land 22 cents to HK$3.90 and Sun Hung Kai Properties 55 cents to HK$6.20.

The profit setbacks have given rise to unconfirmed rumours about financial distress among some middle-line property groups, the brokers said.

Against the trend, First Pacific Holdings added 20 cents to HK$9.60 after a two-day suspension to announce a seven-for-one rights issue priced at HK$5, intended to raise some HK$750m.

Sporadic short-covering pulled prices generally off their day's lows, but of the leaders Hongkong Bank nonetheless finished 15 cents weaker at HK$8.85, Jardine Matheson 50 cents at HK$13 and Swire Pacific at the same amount at HK$11.20.

Active trading in **Singapore** left values mainly easier after a steady opening, but the Straits Times industrial index managed to end 0.62 firmer at 847.82. Sin Lim Finance, traded for the first time after going public with the issue of 5m shares at S$2, closed at S$2.85 on some 939,000 units.

The **Tokyo** exchange was closed for a national holiday.

AUSTRALIA

Resources fall

RESOURCE issues were the most prone to losses in a generally easier **Sydney** market, but trading was described as very quiet and many mines regained some ground in the afternoon.

MIM finished seven cents off at A$4 while Western Mining slipped five cents to A$4.05. North Broken Hill was 10 cents lower at A$2.15. BHP was eight cents lower at A$6.12 unruffled by the release of an Industries Assistance Committee interim report on the steel industry which it dominates.

Banks showed weakness in **Melbourne.**

SOUTH AFRICA

Golds easier

A SLIGHT recovery in the bullion price allowed gold shares to recover from the day's lows in Johannesburg, but they still closed easier on the day.

Southvaal ended R1.50 lower at R58.50 after R57.50 at one stage while Blyvoor closed 25 cents easier at R15.75 after a one time R15.25. Other minings and financials shadowed golds, with Anglo American down 35 cents at R19.40 and De Beers 10 cents easier at R7.95. Industrials also eased with losses outnumbering gains by around two to one.

LONDON

A bout of nerves takes toll

STERLING'S persisting weakness, following the upheaval in the European Monetary System, reverberated throughout London stock markets yesterday. Leading shares were marked down sharply at the outset and Government stocks sustained sizeable falls as markets became increasingly nervous.

Continuing fears of an oil price war also contributed to the nervous mood, which resulted in a demoralising start to the three-week Easter trading account.

Government stocks also had to contend with last Friday's announcement of a sharper than expected rise in U.S. money supply figures, which reawakened worries about higher short-term American interest rates.

Against this background, long-dated stocks were soon showing losses of ½, and by the close losses ranged to a point and occasionally more.

Agreement on the realignment of EMS currencies steadied the market around noon, but had little lasting impact, although quotations tended to rally fractionally in the after-hours dealings. Falls in the shorts range to ⅞ and the FT Government securities index lost 0.72 to 80.02.

The extent of the initial reaction in leading shares was well illustrated by the FT Industrial Ordinary, share index, which recorded a loss of 10 points at the first calculation. Very little stock came on offer following the defensive markdown and after drifting off further to extend the loss of 12.2 at 11am, the index gradually picked up to close 8.5 down on balance at 652.5.

In contrast to the leaders, many secondary issues, particularly some of the recent speculative favourites, met renewed selling, and falls in FT-quoted industrials outnumbered rises by nearly three to one.

Mining markets began the week on a flat note after another poor performance by precious metals and the majority of base metals. South African golds resumed their recent downward trend as bullion fell $7 to $414.5 an ounce, after $410.

Little selling pressure was reported but share prices were marked down sharply before steadying around midday. Trading in the afternoon was minimal although the market held reasonably steady owing to modest support form the U.S.

The FT gold mines index dropped 15.6 to 535.6, its lowest level since December 23 and its sixth decline in the past seven trading days.

In the heavyweights, losses exceeding a full point were common to Hartbeest at £46⅛, Vaal Reefs at £63, and Western Holdings at £30⅞, while the cheaper-prices issues were featured by West Rand Consolidated, 44p lower at 492p, and Western Areas which gave up 22p to 346p. Loraine fell 29p to 380p.

Share information services, Pages 36–37

EUROPE

EMS accord gives late impetus

THE European Monetary System realignment talks in Brussels kept investors on the sidelines for much of the day throughout Europe. However, the Finance Ministers' agreement gave a spur to late trading in a number of centres.

In **Frankfurt**, the announcement of an effective 8 per cent change in parity between the mark and the French franc sparked a recovery which enabled shares to win back almost all their earlier losses. The Commerzbank index, reflecting prices at the weaker midsession – when it is calculated – had slipped 3.40 to 858.20, well below last Thursday's 13 year high of 865.40.

The EMS accord failed to have any effect on the domestic bond market, which was weaker from the outset. Expectations that U.S. interest rates are set to rise and that there is little scope for West German rates to fall, further depressed this sector.

Meanwhile, the Bundesbank bought public sector bonds totalling DM 45.6m to balance the market, compared with purchases of only DM 4m on Friday.

In banks, Commerzbank picked up DM 3.70 from opening levels to finish DM 2 higher on the day at DM 158.30, while Dresdner recovered to end DM 1 ahead at DM 166. BHF continued to firm on market rumours of strong 1982 profits, closing DM 10 higher at DM 275.50.

In **Paris**, the prospect of a new round of Government-imposed austerity measures, in the wake of the EMS agreement, drove share prices sharply lower. President François Mitterrand's televised speech to the nation tomorrow is seen as the likely time for such an announcement and the market is expected to remain depressed until then.

In **Amsterdam**, stocks revived in late trading and turnover picked up, even though the market had not had time to assess the results of the realignment. Among Dutch internationals, KLM fell Fl 2.40 to Fl 163.50.

In banks, ABN lost Fl 8 to Fl 350 and NMB was Fl 3 lower at Fl 146. Elsewhere, the normally inactive Holland Sea Search was officially traded after announcing new oil finds in the North Sea last week. It was quoted at Fl 3.50, 20 cents lower than last Friday. Domestic bonds were a few cents lower in thin trading.

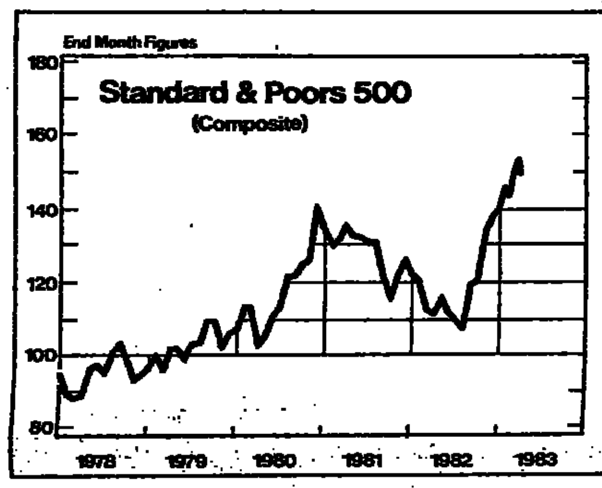
Stock prices closed mixed in **Zurich** – before the EMS agreement was announced – after one of the lightest trading sessions for weeks.

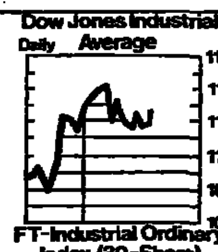
The Bond market closed steady, also in quiet trading, with investors confused about recent interest rate development and concerned over a further rise in Eurodollar deposit rates.

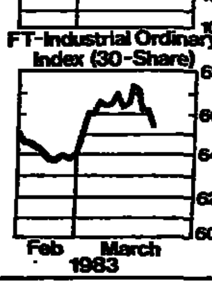
In **Brussels**, stocks were broadly lower in active, though uncertain, trading. Dealers said the market did not have time to react to the EMS realignment during the session. The Belgian shares index stood at 111.36, compared with Friday's 111.51, while the All-shares index registered 262.25, compared with 266.61.

Milan went against the general trend with prices sharply higher in very active trading, in response to last Friday's final approval of legislation allowing the creation of Italian-based mutual funds and permitting companies to revalue many of their real assets.

KEY MARKET MONITORS







STOCK MARKET INDICES

	March 21	Previous	Year ago
NEW YORK			
DJ Industrials	1125.29	1117.4	805.65
DJ Transport	508.50	506.27	329.16
DJ Utilities	126.02	126.25	106.58
S&P Composite	151.21	149.90	110.61
LONDON			
FT Ind Ord	652.5	661.0	558.1
FT-A All-share	406.81	413.33	322.20
FT-A 500	439.87	446.94	344.28
FT-A Ind	413.13	417.90	316.24
FT Gold mines	535.6	551.2	240.5
FT Govt secs	80.02	80.74	69.06
TOKYO			
Nikkei-Dow	closed	8234.9	7065.38
Tokyo SE	closed	606.59	529.02
AUSTRALIA			
All Ord.	502.8	505.4	472.2
Metals & Mins.	455.1	459.1	334.5
AUSTRIA			
Credit Aktien	52.77	52.63	53.62
BELGIUM			
Belgian SE	111.36	111.51	94.01
CANADA			
Toronto Composite	2112.0	2136.1	1548.7
Montreal Industrials	357.89	362.91	270.98
Combined	351.42	355.45	280.52
DENMARK			
Copenhagen SE	126.38	123.99	95.84
FRANCE			
CAC Gen	110.7	111.0	103.0
Ind. Tendance	115.1	116.7	113.6
WEST GERMANY			
FAZ-Aktien	285.05	286.29	233.66
Commerzbank	858.2	861.6	712.2
HONG KONG			
Hang Seng	955.11	991.32	1207.21
ITALY			
Banca Comm.	214.93	210.62	212.66
NETHERLANDS			
ANP-CBS Gen	117.8	118.9	85.9
ANP-CBS Ind	101.7	102.2	68.9
NORWAY			
Oslo SE	146.21	147.13	102.38
SINGAPORE			
Straits Times	847.82	847.20	711.39
SOUTH AFRICA			
Golds	711.2	723.9	444.7
Industrial	835.4	841.1	580.2
SPAIN			
Madrid SE	closed	110.47	125.50
SWEDEN			
J & P	1305.86	1316.95	606.92
SWITZERLAND			
Swiss Bank Ind	307.3	307.1	246.8
WORLD	Mar 18	Prev	Yr ago
Capital Int'l	163.5	163.4	130.5

GOLD (per ounce)

	March 21	Prev
London	$414.50	$421.50
Frankfurt	$414.75	N/A
Zürich	$414.50	N/A
Paris (fixing)	$422.17	$430.49
New York (March)	$420.00	$415.4

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR March 21	U.S. DOLLAR Previous	STERLING March 21	STERLING Previous
£	1.4705	1.4875	–	–
DM	2.4180	2.396	3.55¾	3.56½
Yen	241	240.25	354½	357½
FFr	7.24	6.91	10.64½	10.27
SwFr	2.08	2.07	3.06	3.08
Guilder	2.6925	2.6545	3.96	3.94¾
Lira	1449	1435½	2129	2142½
BFr	47.57½	47.15½	69.95	70.12½
C$	1.2245	1.2247	1.8005	1.8220

INTEREST RATES

Euro-currencies (three month offered rate)	March 21	Prev
£	10⅞	10¾
SwFr	4⅛	4⅛
DM	5	5$\frac{1}{16}$
FFr	19	37
FT London Interbank fixing (offered rate)		
3-month U.S.$	9⅝	9½
6-month U.S.$	9¾	9⅝
U.S. Fed Funds	8¾	8⅝
U.S. 3-month CDs	9.00	9.00
U.S. 3-month T-bills	8.48	8.41

U.S. Treasury Bonds

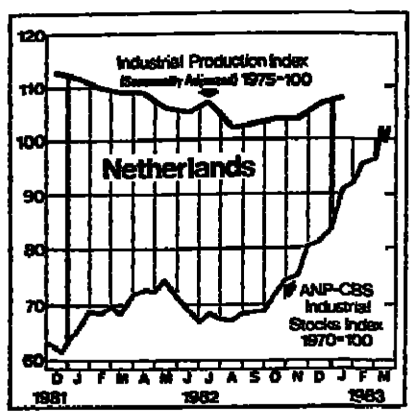
	March 21 Price	March 21 Yield	Prev Price	Prev Yield
9⅝ 1985	99$\frac{21}{32}$	9.80	99$\frac{18}{32}$	9.82
10½ 1990	100$\frac{6}{32}$	10.45	99$\frac{25}{32}$	10.51
10⅝ 1993	101$\frac{23}{32}$	10.56	101$\frac{18}{32}$	10.60
10⅜ 2012	97$\frac{9}{32}$	10.68	96$\frac{27}{32}$	10.71

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% $100,000 32nds of 100%				
June	75–19	75–26	75–06	75–18
U.S. Treasury Bills (IMM) $1m points of 100%				
June	91.39	91.44	91.33	91.40
Cert Deposit (IMM) $1m points of 100%				
June	90.66	90.71	90.60	90.70
LONDON	Latest	High	Low	Prev
Three-month Eurodollar $1m points of 100%				
June	90.33	90.35	90.29	90.48
20-year Notional Gilt £50,000 32nds of 100%				
June	102–24	103–12	102–24	103–29

LONDON COMMODITY MARKETS

	March 21	Prev
Silver (spot fixing)	691.9p	710.50p
Copper (cash)	£1050.25	£1072.00
Coffee (March)	£1811.00	£1822.50
Oil (spot Arabian light)	$28.05	$28.25



NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 33

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

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Continued on Page 34

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 32

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12 Month High	Low	Stock	Div. Yld. P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
69½	24⅞	Watkin	.60 1.0 19	31	63	62½	63	+¼
12¾	7¼	WayGos	.20 1.9 10	1	10⅝	10⅝	10⅝	
24	15¼	WayG	pf1.60 7.6	3	21	21	21	
5½	3½	WeanU		4	5	5	5	
12½	10	Wean	pf1.28 12	5	11¼	10⅞	10⅞	−⅜
15½	5⅞	WebbD	31	1143	15¼	14⅝	15	−⅛
34⅛	17	WelsM	.5 16	22	33⅝	33⅜	33⅜	−⅛
34¼	18¾	WellsF	1.92 6.4 5	212	30¼	29⅝	30⅛	+¼
29¾	17⅝	WelFM	2.80 10. 15	55	27⅞	27½	27⅞	+¼
18	8½	Wendy	s .24 1.3 16	2587	18	16⅝	18	+1¼
24¼	12¾	West	s .36 1.6 16	30	22⅞	22⅜	22⅞	+⅝
40½	31½	WPenP	pf4.50 12	z130	39	39	39	
49	20½	WstPtP	2 4.1 11	236	48⅞	48¼	48½	−⅜
12⅝	9	WstclT	g1.04	4	11¼	11	11	−⅛

Continued on Page 34

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

CANADA

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

ITALY

AUSTRALIA

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

LONDON

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Barratt Dev.	520	− 8
Bio-Isolates	200	−30
Brit. and Comm.	863	+23
Exco Int	713	+20
Grovebell	17½	+ 2
Kinta Kellas Tin	£12	+ 2⅞
London & Liverpool	442	+17
Llye Shipping	205	+15
Meyer Int.	130	− 5
Plessey	538	− 2

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
Bio-Isolates	41	230	−20
Lon. & Liv. Tst.	41	425	+ 2
Mellins	37	148	−15
Arlen Elect.	24	305	−13
GKN	23	168	+12
Combined Tech	22	58	− 1
Gus "A"	20	533	−10
KCA Intl.	20	59	+ 4
Glaxo	19	705	+20
Exco Intl.	18	693	+35
Plessey	18	540	−20
BAT Inds.	17	635	+ 5
Norton (W. E.)	17	14	+ 1½
SelecTV	17	48	− 5

NEW HIGHS AND LOWS FOR 1982/3

NEW HIGHS (79)

AMERICANS (10)
Amfac Inc. · Rep. N.Y. Corp. · Colgate-Palmolive · Saul (B. F.) · Esmark · Time Inc. · Lone Star · Transamerica · Lowes · Utd. Tech

CANADIANS (5)
Can. Imp. Bank · Hudson's Bay · Hawker Sidd. Can. · Tor. Dom. Bank · Hollinger

BANKS (2)
Algemene · Deutsche Bank

CHEMICALS (1)
Croda Int. Defd.

ELECTRICALS (4)
A.B. Electronic · Memec · Cass · Micro Bus. Systems

ENGINEERING (6)
Braithwaite · Tace · Hall (M.) · Willjay · Senior Eng. · Williams Hldgs.

FOODS (1)
Slaters Foods

HOTELS (2)
De Vere Hotels · Savoy A

INDUSTRIALS (15)
Cont. Group · L R C. · Davies & Newman · Plastic Constructions · Dunhill · Sketchley · Ecobric Defd. · Sterling Ind. · Emhart · Trafalgar House · Hollis Bros. · Unilever N.V. · I.C. Cleaners · Walker & Homer · Johnson Cleaners

LEISURE (1)
Radio City A N-V

MOTORS (1)
Western Motor

NEWSPAPER (1)
Benn Brothers

PAPER (3)
Bunzl · Watmoughs · Usher-Walker

PROPERTY (3)
Bradford Prop. · Greencoat · Dercora

SHIPPING (1)
Brit. & C'wealth

SOUTH AFRICANS (1)
Unisec

TRUSTS (18)
American Trust B · London & Gartmore · Anglo-Scot. Invs. · London & Lomond · Caledonia Invs. · Meldrum · Drayton Japan · Robeco Sub. Shs. · Eng & Int. · Scottish & Merc. A · Equity Consort · Scot. Utd. Inv. · Greenfriar · SPLIT Inc. · Group Investors · Exco Int. · Lanc. & London · Ind. Fin. & Inv.

OIL & GAS (2)
ICC Oil · Petrocon

OVERSEAS TRADERS (1)
Steel Brothers

PLANTATIONS (1)
Harrisons Mal. Ests.

NEW LOWS (16)

STORES (2)
Bremner · Hollas Group

ELECTRICALS (2)
Breville Europe · Dreamland

FOODS (1)
Chambers & Fargus

INDUSTRIALS (3)
AIM · Hill (C.) · Gestetner A N-V

LEISURE (1)
Nimslo Int.

MOTORS (1)
Bluemel Bros.

NEWSPAPERS (1)
Sharpe (W. N.)

TRUSTS (2)
New Darien Oil · N.M.C. Invs.

OIL & GAS (3)
Am. Oil Fields · Magnet Metals · LASMO "Ops"

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Mon March 21 1983

FIXED INTEREST

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RISES AND FALLS

	Rises	Falls	Same
British Funds	—	92	6
Corpns. Dom. and Foreign Bonds	1	37	40
Industrials	176	501	654
Fin. and Props.	69	191	269
Oils	25	27	58
Plantations	5	1	16
Mines	18	72	62
Others	75	32	56
Totals	359	953	1,161

FINANCIAL TIMES STOCK INDICES

	Mar. 21	Mar. 18	Mar. 17	Mar. 16	Mar. 15	Mar. 14	year ago
Government Secs.	80.02	80.74	81.40	81.40	81.88	81.54	69.06
Fixed Interest	82.35	82.90	83.14	83.14	83.36	82.70	69.31
Industrial Ord.	652.5	661.0	661.0	671.3	673.6	665.8	558.1
Gold Mines	535.6	551.2	548.0	559.7	587.0	591.3	240.5
Ord. Div. Yield	4.94	4.87	4.88	4.79	4.78	4.83	5.62
Earnings, Yld.% (full)	10.48	10.34	10.25	10.06	10.04	10.14	10.75
P/E Ratio (net) (*)	11.51	11.66	11.79	12.01	12.04	11.92	11.84
Total bargains	24,323	25,20	22,449	23,678	24,213	25,025	21,010
Equity turnover £m.	—	267.21	224.05	219.97	226.87	206.33	101.54
Equity bargains	—	24,077	20,431	20,147	20,845	22,851	16,624
Shares traded (ml)	-	175.5	146.8	148.6	154.9	155.0	836.2

10 am 651.0. 11 am 648.8. Noon 649.2. 1 pm 650.7. 2 pm 651.0. 3 pm 651.2.

Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/56. SE Activity 1974.

Latest Index 01-246 8026.

Nil = 10.77.
†Correction.

HIGHS AND LOWS

	1982/3 High	1982/3 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	86.84 (3/11)	61.89 (6/1/82)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.02 (12/11)	62.79 (7/1/82)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	673.6 (15/3/83)	518.1 (6/1/82)	673.6 (15/3/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2/83)	181.2 (22/6)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 18	Mar. 17
—Daily		
Gilt Edged Bargains	212.9	231.4
Equities Bargains	156.0	†132.4
Equities Value	540.1	452.9
5-day Avrge		
Gilt-Edged Bargains	209.9	202.6
Equities Bargains	140.4	137.5
Equities Value	462.6	454.4

NEW YORK AND CANADA

Indices

NEW YORK DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

RISES AND FALLS

MONTREAL

TORONTO

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 33

NEW YORK CLOSING PRICES

Continued from Page 33

COMMODITIES AND AGRICULTURE

Weak £ pushes tin to record highs

By Richard Mooney

THE WEAKNESS of sterling plus increased physical demand pushed tin prices to record highs on the London Metal Exchange yesterday.

The cash quotation for standard grade metal ended the day £60 up at £9,102.50 a tonne.

But the fall in the pound was not enough to prevent a sharp decline in the copper price, though dealers said it did help to cushion the fall.

Copper market sentiment was confused with set-backs in gold and oil prices and the announcement of a 24th successive weekly rise in LME stocks outweighing the bullish influence of sterling's fall.

Cash high grade copper ended the day £21.75 down at £1,050.25 a tonne.

The 3,725 tonnes rise in LME warehouse stocks of copper took the total to 306,475 tonnes, the highest level for more than four years.

Meanwhile, stocks of tin were up by a modest 395 tonnes to 37,330 tonnes, and lead stocks by 100 tonnes to 145,900. Zinc stocks were down by 1,025 tonnes at 90,200 and aluminium stocks by 1,725 tonnes to 263,200.

Stocks of nickel rose 534 tonnes to 11,844 but silver stocks fell 10,000 troy ounces to 34.07m.

● Magma Copper Co, part of Newmont Mining, will open labour negotiations with copper workers on March 25, according to Mr Michael Brodrick, Newmont personnel manager, reports Reuter from New York. The current contract expires on July 1.

Mr Brodrick said Pinto Valley Copper, Magma's newly-acquired subsidiary, will negotiate separately with its employees.

Australia jubilant as rains drench country

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE BEER flowed and strong men wept as soaking rains swept across much of drought-stricken Australia yesterday.

Central Queensland and New South Wales were drenched, and with gales and heavy rains sweeping into Victoria, farming leaders cautiously forecast a break in the country's crippling five-year drought.

Mr Bob Hawke, Australia's new Labor Prime Minister, whose Government has inherited a soggy economy, said the downpours were "tremendous." In rural pubs across the continent, the monsoonal drenchings were celebrated with a flash flood of beer.

The drought has slashed farm incomes, and harmed exports. An estimated 1m Australians depend on the farm sector for jobs. In New South Wales alone, an estimated A$1bn (£580m) was lost last year because of drought, but yesterday, farmers and graziers were applying to the banks for re-stocking loans, confident of further rains.

However, part of drought-ravaged Western Victoria have received no rain, and South Australia has seen only light showers.

Despite good falls in Queensland, the state cabinet yesterday declared four more areas drought-stricken, bringing to 70 per cent the area officially drought-declared.

In Sydney, which was lashed by gales, the mood was more confident, Mr Dick O'Brien, vice-president of the Livestock and Grain Producers' Association of NSW, said that if follow-up rains fell later this week, graziers could hold onto their livestock, and cereal farmers would be saved.

Despite Mr Hawke's jubilation, the former prime minister, Mr Malcolm Fraser, was not so lucky. His cattle property, at Nareen, Victoria, was dry yesterday, though the former statesman was "keeping his fingers crossed."

● The South African Government will give financial aid to white farmers and rural black areas hit by the drought with R20m (£12.19m) to be given to six black homelands, Mr Piet Koornhof, co-operation and development minister said.

Coffee prices fall back sharply

By Richard Mooney

COFFEE PRICES fell back sharply on the London futures market yesterday as a trader whose buying had been largely responsible for the recent strong rise became a seller.

The May quotation, which rose £107.50 to a 3½-year high last week, closed yesterday at £1,811.50 a tonne, down £34.50 from Friday's level.

The weakness of sterling had helped to lift the price to £1,873.50 a tonne early in the day but the rise was halted by heavy selling at an established resistance point.

The easing of the technical squeeze on nearby delivery positions continued. The premium for May delivery over July, which reached £200 a tonne last week, narrowed to about £140.

● ISRAELI avocado exports are proceeding according to schedule despite the severe winter. The export target is set at 40,000 tonnes and 30,000 tonnes have been shipped abroad so far. No marketing difficulties with the remainder are expected.

● TANZANIA'S sisal production dropped from 200,000 tonnes in 1978 to 74,000 tonnes in 1981, due mainly to a lack of replacements for worn out machinery. Re-equipment costs are estimated at $14.93m (£9.88m).

● SUGAR imports by the USSR in January-November 1982 rose to 7.21m tonnes raw value from 4.82m tonnes in the same period the previous year.

● A WINDSTORM that struck Guatemala and Honduras caused widespread damage to banana plantations and will cause temporary shortages on the world market. Del Monte Banana Company preliminary estimates place the industry losses at 18m boxes—about 720m lbs of bananas.

Erosion threatens huge areas of farmland

Mary Cherry sees growing awareness of soil degradation problems

SOIL EROSION problems are much nearer at hand than most people farming western Europe's and Britain's cultivated plains and hills may realise.

Certainly, there is an increasing awareness among research scientists and advisers that some modern systems of crop production accelerate erosion and degradation of vulnerable soils—and that far too little attention is being paid to this either by those who fund research or by most farmers.

This was the message from a recent workshop organised by the EEC's co-ordinated agricultural research programme. Details of the particular circumstances in all member states were presented and discussed.

Large areas of the world's agricultural land are now suffering from severe soil erosion and related forms of land degradation. Annually, huge areas are either entirely lost for production or have their productive potential seriously reduced, said Dr D. W. Sanders, senior officer in soil conservation in the land and water development division of FAO.

As much as 2bn hectares of land are estimated to have been lost in the past, while some 1.5bn hectares are under cultivation in the world today. It has also been estimated that 5-7m hectares of land are being lost annually through soil degradation.

In Western Europe, the situation is not so dramatic or so directly related to poverty and hunger but as Dr Gerold Richter of the University of Trier, West Germany, said: "it is mainly a problem with regard to the cost-benefit relation of agricultural production."

Soil erosion is not generally a problem of quickly advancing soil destruction, but one of slowly progressing soil degradation. The more soil is affected, the smaller the harvest becomes. Costs increase as more land work and more fertilisers become necessary.

Wind erosion is Britain's best known and recognised area of soil loss or soil vulnerability—particularly when it takes away sizeable areas of young sugar beet or vegetables.

Dr Brian Davies, ADAS regional soil scientist at Cambridge, said that about 2,000 hectares of sands (mainly in East Anglia, Nottinghamshire and the Vale of York) and about 60,000 hectares of peats in the Fens were at high risk from wind.

Farmers are now using techniques to protect high-value crops—inter-cropping with temporary guard crops which are then removed by selective herbicides, protective agents sprayed on the soil surface to hold it, and cultivation practices that do not stir up the ground too much—but these usually increase costs.

Water erosion, except when gullies develop, is much less obvious except to the expert eye. Yet it is slowly removing good soil, according to Dr Bob Evans, of the Soil Survey of England and Wales. He reckons that about 21 per cent of the arable land of England and Wales is potentially erodible by water (rain) when not adequately covered by vegetation.

Surprisingly, erosion occurs quite often in winter cereals such as winter wheat which are at risk mainly from February to April. Potatoes and sugar beet are at risk in May and June. Land down to horticultural crops, a soft fruit or ungrassed orchards can suffer erosion throughout the year.

Paradoxically, some of the techniques introduced to improve productivity of crops are encouraging this undermining of the soil while masking its effect.

For example, "tramlining" (the marking out of a cropped field, such as cereals, with machine wheel marks which are then followed for all successive field operations) may provide channels for soil to wash away even under a gentle slope.

The increasing area of winter cereals, continuous arable land without a grass break, the working of land up and down a slope rather than across, are just a few trends which favour erosion.

As crop varieties have improved and more fertiliser have been used, the high yields they have engendered may well have been hiding loss of inherent potential in the soil itself.

All this points to the need for more monitoring and more research to answer some fundamental questions about soil movement. This year, the Ministry of Agriculture has started an aerial photography project to monitor water erosion of arable land, and the ministry and the Soil Survey of England and Wales are devising a national system of erosion notification. This is just a small start in an effort to halt this inconspicuous loss and protect our soils.

Pakistan/NZ wool trade

BY DAI HAYWARD IN WELLINGTON

PAKISTAN has dramatically increased its wool buying from New Zealand this season. In the first seven months it bought five times as much wool as it did last year. Shipments so far have been 4,563 tonnes compared with only 864 tonnes last season.

The increased buying has put Pakistan into the top ten of New Zealand's best customers.

The UK has increased its buying, from 13,000 tonnes to 17,000 tonnes and the Netherlands from 7,900 tonnes to 11,300 tonnes. However, purchases from Japan, the USSR, France, Iran and Australia are all down.

Following the March devaluation of the New Zealand dollar, New Zealand wool is now extremely cheap for overseas buyers. In today's values, one bale of average New Zealand wool would cost a Japanese buyer Y64,000 (£177.77). Five years ago the same purchase would have cost Y87,000.

The amount of wool sold through the New Zealand auction system during the first seven months of the season was up 4 per cent but the value was down 1 per cent.

Potato stock feed offer

BY OUR COMMODITIES STAFF

SAGGING POTATO prices on wholesale markets have prompted the Potato Marketing Board to take early action to encourage the diversion of surplus supplies to livestock feeding.

The board has told producers who have contracted to hold a proportion of their crops off the market in return for guaranteeing a price of £50 a tonne that they can "buy back" these supplies for £20 a tonne provided they are used for stock feed.

The release affects contracts for the January/February delivery period, which have already been delayed. If the market does not respond, March contracts, which are about to be delayed, will also be released.

The initial release affects about half the 137,000 tonnes contracted under the three delivery months.

Supplies diverted for stock feed will have to be dressed to the normal ware standard and then dyed purple

The current market price is just above £50 a tonne but looks like slipping below the guarantee level before too long.

Poor feedgrains prospects

BY OUR COMMODITIES STAFF

THE WORLD trade outlook for feedgrains in the coming year can only be described as disastrous, according to a report published by Agra Europe, the Brussels-based intelligence bulletin.

It says carryover stocks by the end of the 1982-83 season are forecast to reach nearly 20.5 per cent of total production, compared with 16.5 per cent in 1981-82.

World wheat prices are forecast to continue under pressure in 1983 as a result of a record world crop of 471.4m tonnes.

After several years of expansion there is likely to be a slowing down in the rate of growth in trade, the report predicts. It describes the outlook for wheat exporters as "bleak."

The report is also pessimistic about trade prospects for oilseeds, sugar and dairy products.

"Production continuing to outstrip stagnating demand for most agricultural commodities seems to be the prospect facing the major producers in 1983," says Agra Europe.

World Food Supply and Trade Outlook 1983. £30.

PRICE CHANGES

In tonnes unless stated otherwise	Mar. 21 1983	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1235/1265	—10	$1275/305
Copper			
Cash h grade	£1050.25	—21.75	£1097
3 mths	£1081.75	—21	£1128.25
Cash Cathode	£1030.5	—19	£1073.5
3 months	£1060.5	—20	£1105.25
Gold troy oz	$414.5	—7	$504.5
Lead Cash	£293.5	+0.25	£306
3 months	£304.25	+1	£317.5
Nickel	£4611	......	£4584
Free mkt	220/250c	—10	265/255c
Palladium	$98.50	—1.25	$123.75
Platinum	£268.60	—4.4	£210.10
Quicksilver†	$330/340	......	$348/358
Silver troy oz	691.90p	—18.6	959.45p
3 mths	709.90p	—18.15	963.95p
Tin cash	£9102.5	+60	£8567.5
3 month	£9122.5	+61.5	£8567.5
Tungsten	$83.75	+5.78	$84.58
Wolfram 22.04 lb	$88/90	+2	$80/85
Zinc Cash	£452	—1	£445.5
3 mths	£467	—0.75	£460.75
Producers	$750	......	$750/800

	Mar. 21 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$481xz	+2	$462.5
Groundnut	‡	......	‡
Linseed Crude	‡	......	£317
Palm Malayan	$372.5x	—2.5	$377.5
Seeds			
Copra Philip	$325y	......	$315
Soyabean (U.S.)	$246.75	......	$245.5
Grains			
Barley Fut. May	£121.40	—0.55	£120.60
Maize	£147.00	......	£149.00
Wheat Fut. May	£135.00	—1.0	£131.25
No2 Hard Wint	‡	......	‡
Other commodities			
Cocoa ship't*	£1288.5	+5.5	£1350
Fut. May	£1243.5	—4	£1323.5
Coffee Ft. May	£1811.5	—34.5	£1641.5
Cotton A. Index	79.30c	+0.78	74.25c
Gas Oil Apr	$226.50	—0.25	$223
Rubber (kilo)	76p	+2	65p
Sugar (Raw)	£106yz	—1	£106
Wool t'ps 64 z.	405p kilo	......	402p kilo

‡ Unquoted. x April. y March-April. † Per 16-lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.00-28.10	—0.20
Iranian Light	25.90-27.90	+0.88
Arabian Heavy	25.90-26.05	—0.15
North Sea (Forties)	28.00	—
North Sea (Brent)	28.00	—
African Bonny L'ht	28.00	—0.50
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	273-279	—
Gas oil	227-235	—1
Heavy fuel oil	157-160	—

GAS OIL FUTURES

The market sank into a catatonic state today, with no interest on either side. Prices moved lower in the lightest volume for more than a year with no news and a stagnant physical market. New York was equally uninteresting, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
March	228.00	—2.00	228.00-28.00
April	226.50	—0.25	227.00-25.50
May	225.75	—	224.00-22.25
June	222.00	+0.25	222.25-20.75
July	222.50	+2.00	221.00-21.00
Aug	223.50	+2.00	222.00-22.00
Sept	225.50	—0.75	225.50-25.50
Oct	227.00	—	227.00-25.00
Nov	228.50	—0.50	—

Turnover: 749 (1,775) lots of 100 tonnes.

GOLD MARKETS

Gold fell $7 an oz from Friday's close in the London bullion market yesterday to finish at $414-415. The metal opened at $412-413 and traded between a high of $415¼-416¼ and a low of $410¼-411¼. Trading was rather quiet and uneventful with little reaction to the latest realignment of EMS currencies.

In Frankfurt the 12½-kilo bar was fixed at DM 31,950 per kilo ($414.51 per oz) against DM 32,425 ($422.0) and closed at $414-415¼.

In Luxembourg the dollar per oz equivalent of the 12½ kilo bar at the fixing was $413.0.

In Paris the 12½-kilo bar was fixed at FFr 98,000 per kilo ($422.17 per oz) in the afternoon compared with FFr 98,000 ($424.82) in the morning and FFr 96,000 ($430.49) on Friday afternoon.

In Zurich gold finished at $413-416.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
March	414.00-15.5	—4.75	—
April	415.50-15.8	—5.85	417.20-15.1
May	418.10-18.9	—5.75	—
June	421.80-22.2	—5.75	422.20-19.8
July	424.50-25.7	—5.65	—
August	427.50-28.5	—5.90	428.00-26.8
Sept	430.50-32.8	—5.85	—

Turnover: 758 (475) lots of 100 troy ounces.

	Mar. 21		Mar. 18	
Gold Bullion (fine ounce)				
Close	$414-415	(£281¼-282)	$421-422	(£282¾-283½)
Opening	$412-413	(£278¼-279)	$419-420	(£279¼-280)
Morning fixing	$414.60	(£279.501)	$419.75	(£279.740)
Afternoon fixing	$414.50	(£281.505)	$421.75	(£282.731)

Gold Coins Mar. 21					
Krugrnd	$427½-428½	(£290½-291½)	King Sov	$101-103	(£68½-70)
½ Krg	$220¼-221¼	(£149¾-150½)	Victoria Sov	$101-103	(£68½-70)
¼ Krg	$112¼-113¼	(£76.32-77.00)	French 20s	$82.1-89.7	(£55⅞-61)
1/10 Krug	$45½-46½	(£31-31½)	50 pesos Mex	$502.6-511.2	(£341¾-347½)
Mapleleaf	$426½-428	(£290-291)	100 Cor. Aust	$401.5-406.7	(£272⅞-276½)
New Sov	$99-99¾	(£66½-67)	$20 Eagles	$558.0-570.0	(£374-387½)
½ New Sov	$59-61	(£39⅝-41)			

EUROPEAN MARKETS

PARIS, March 21.

Cocoa—(FFr per 100 kg): Mar 1310/1340, May 1365/1368; July 1410 ask, Sept 1455 ask, Dec 1440/1450, Mar 1470 ask, May 1490 ask.

Sugar—(FFr per tonne): May 1575/1580, July 1645/1655, Aug 1650/1680, Oct 1675/1685, Nov 1680/1690, Dec 1745/1765, Mar 1840/1855, May 1895/1910.

ROTTERDAM, March 21.

Wheat—(US$ per tonne): U.S. No Two Red Winter April 161, May 162, June 156, July 155, Aug 157. U.S. No Three Amber Durum April/May 180, June 180, July 180, Aug 181. U.S. No Two Northern Spring 14 per cent April 177; May 176.80, June 178, July 176, Aug 177. Canadian Western Red Spring April/May 196, July 198.

Maize—(US$ per tonne): U.S. No Three Yellow Mar 136.50, April 136.50, May 138.50, June 138, July/Sept 138.50, Oct/Dec 135.50, Jan/Mar 141 sellers.

Soyabeans—(US $ per tonne): U.S. Two Yellow Gulfports Mar 240.75, April 241.50, May 243, June 244.80, July 247, Aug 249.40, Sept 253, Oct 252.75, Nov 252.75, Dec 256.25, Jan 260.70, Feb 264.50 sellers.

Soyameal—(US $ per tonne): 44 per cent afloat 211, Mar 211, April 212, May/Sept 214, Nov/Mar 233 sellers. Pellets Brazil afloat 225, April/May 221, May/Sept 222 sellers.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER PRICES fell sharply on the London Metal Exchange reflecting currency uncertainties, weak oil and precious metal prices and a sharp fall on Comex. Three months copper *dipped to a low of £1,076 before* recovering to close the late kerb at £1,082. Nickel fell to £3,322.5 on profit-taking while currency considerations left Aluminium and Zinc at £869.5 and £467.5 respectively. Lead closed at £304.5. Tin was finally at a record £9,150 boosted by the sharp fall in sterling and reported physical demand.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1048.5-9	—18	1050-.5	—21.7
3 months	1079.5-80	—17	1081.5-2	—21
Settlem't	1049	—18	—	......
Cathodes				
Cash	1030-.5	—18.5	1030-1	—19
3 months	1059-60	—18	1060-1	—20
Settlem't	1030.5	—18.5	—	
U.S. Prod.	—	—	*79-83	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,049, three months £1,079, 78.50, 78.00, 79.00 79.50. Cathodes: Cash £1,029.50, three months £1,059. Karb: Higher Grade, three months £1,080, 81, 82. Afternoon: Higher Grade, three months £1,081, 81.50, 80, 81, 18.50. Cathodes: Three months £1,061. Kerb: Higher Grade, three months £1,081.50, 82. Turnover: 15,625 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	9080-5	+46	9100-5	+80
3 months	9100-5	+53	9120-5	+61.5
Settlem't	9085	+48	—	......
Standard				
Cash	9080-5	+46	9100-5	+60
3 months	9100-5	+57	9120-5	+61.5
Settlem't	9085	+48	—	......
Straits E.	‡$30.53	......	—	......
New York				

Tin—Morning: Standard, three months £9,100, 9,095, 9,100, 05. Kerb: Standard, three months £9,110. Afternoon: Standard, three months £9,125, 30, 35, 40, 30, 35, 30, 25. Kerb: Standard three months £9,120, 25, 30, 35, 40, 45, 50. Turnover: 2,435 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	292-.5	—1	293-4	+.25
3 months	303.5-4	—.75	304-.5	+1
Settlem't	292.5	—1	—	......
U.S. Spot	—	......	—	......

Lead—Morning: Cash £292, three months £304, 03.50. Kerb: Three months £303.50, 04. Afternoon: Cash £291, three months £303 02.50, 02, 03, 03.50. Kerb: Three months £304, 04.50. Turnover: 4,425 tonnes.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	448.5-9	—5	451.5-2.5	—1
3 months	464-.5	—4	466.5-7.5	—.75
Settlem't	449	—5	—	......
Primw'ts	—	......	*40-.75	......

Zinc—Morning: Three months £465, 64, 64.50. Kerb: Three months £464.50, 64. Afternoon: Three months £466, 67, 66.50, 67. Kerb: Three months £467, 67.50, 68. Turnover: 9,700 tonnes.

ALUMINIUM

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	837.5-8.5	—7.5	841.5-2.5	+3
3 months	864-.5	—7.5	868-.5	—1

Aluminium—Morning: Three months £863, 63.50, 64, 63, 64, 64.50 64. Kerb: Three months £865, 64.50. Afternoon: Three months £868, 67.50, 67, 66.50, 67, 68, 67, 67.50, 68.00. Kerb: Three months £869, 69, 68.50, 69 70. Turnover: 14,000 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3260-2	—189	3235-45	—150
3 months	3330-5	—170	3315-20	—120

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

Nickel—Morning: Cash £3,265, 60, three months £3,370, 50, 40, 30, 20, 30, 35, 30, 45, 40 35, 30, 35, 40, 35. Kerb: Three months £3,335, 40, 45. Afternoon: Three months £3,350, 45, 40, 45, 40, 35, 30, 25, 20. Kerb: Three months £3,320, 15 20. Turnover: 3,768 tonnes.

SILVER

LME—Turnover 151 (166) lots of 10,000 ozs. Morning: Three months 710.0, 09.0. Kerb: Three months 709.5. Afternoon: Three months 716.0, 15.5, 15.0, 14.5, 17.0, 17.5. Kerb: Three months 718.0, 19.0.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	691.90p	—18.6	700.0p	—15.5
3 months	709.90p	—18.1	717.75p	—14.7
6 months	727.85p	—18.0	—	......
12months	762.45p	—17.4	—	......

Silver was fixed 18.6p an ounce lower for spot delivery in the London bullion market yesterday at 691.9p. U.S. equivalents of the fixing levels were: spot $10.24, down 37.5c; three-month $10.476, down 37.0c; six-month $10.724, down 37.1c; and 12-month $11.213, down 37.0c. The metal opened at 691-694p ($10.24-$10.29) and closed at 698-701p ($10.28-$10.33).

COCOA

Trading within a £25.00 range cocoa futures initially came under pressure as a result of commission-house profit-taking before rallying during the afternoon to end only marginally lower than the previous close reports Gill and Duffus.

COCOA	Yest'day's Close	+ or —	Business Done
	£ per tonne		
March	1230-31	—7.0	1244-30
May	1243-44	—4.0	1257-39
July	1264-66	—2.5	1275-51
Sept	1281-82	—0.5	1290-65
Dec	1298-300	+0.5	1310-95
March	1316-19	+1.5	1325-10
May	1325-35	—1.0	1338-26

Sales: 4,975 (6,482) lots of 10 tonnes.

ICCO—Daily price for March 21: 80.34 (81.48). Indicator prices for March 22: 83.22 (84.55).

COFFEE

Trade buying influenced early gains before pressure in nearbys triggered a sharp decline reports Drexel Burnham Lambert. In somewhat erratic trading, prices fluctuated within a £35.00 range during the afternoon before closing around the lows.

COFFEE	Yesterday's Close	+ or —	Business Done
March	1802-20	—11.5	1830-08
May	1810-13	—34.5	1873-10
July	1671-72	—3.0	1693-70
Sept	1618-22	+6.5	1640-13
Nov	1568-70	+6.0	1584-67
January	1525-30	+12.5	1520-15
March	1492-96	+11.5	1500-90

Sales: 5,574 (6,483) lots of 5 tonnes.

ICO Indicator prices for March 18 (U.S. cents per pound): Comp. daily 1979 123.80 (123.52); 15-day average 122.65 (122.59).

GRAINS

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yest'rd'ys close	+ or —
Mar	133.50	—0.80	121.40	+0.05
May	135.00	—1.00	121.40	—0
July	137.35	—0.85	—	—
Sep	117.00	—0.15	110.50	—0.15
Nov	119.35	—0.10	113.70	—0.20
Jan	122.65	—0.10	117.00	[illegible]

Business done—Wheat: Mar 134.30 only, May 136.30-135.20, July 138.50-137.50, Sept 117.20-117.00, Nov untraded, Jan untraded. Sales: 146 lots of 100 tonnes. Barley: Mar 122.25-121.40, May 122.20-121.40, Sept 110.55-110.50, Nov untraded, Jan untraded. Sales: 72 lots of 100 tonnes.

The market opened 25p-30p up for old crop wheat and 25p-15p up for old crop barley on nervous country buying. At this level prices drifted until shippers fell into a vacuum which closed the market £1.00 down on old crop wheat. Barley also weakened with exception of March which closed parity with May. New crops were featureless.

HGCA—Feed wheat: Eastern 130.70, Scotland 135.60. Feed barley: Eastern 121.30, E. Mids 120.30, N. East 120.00, Scotland 119.40. The UK monetary co-efficient for the week beginning Monday March 28 is uncertain following EEC monetary realignment.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent *May 127.50, June 128.00, July 128 55* transhipment East Coast sellers. English feed fob May 138.50 East Coast seller.

Maize: French Mar 147.00 transhipment East Coast seller. Barley: English feed fob Mar/June 125.50 East Coast sellers. Rest unquoted.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. March unquoted, 389; May 397, 406, 400-397; Aug 414, 416, 418-415; Oct 423, 426, 425-424; Dec 426, 432, 431-428; Jan 429, 434, 433-430; March 438, 445, nil; May 443, 452, 448; Aug 450, 462 nil. Sales: 47.

POTATOES

Strong selling on opening put first trades at £1.50 lower, and further pressure throughout the day established new contract lows on April, with May losing almost all Friday's gains and closing at the low of the day.

Month	Yesterd'y close	Previous close	Business Done
	£ per tonne		
April	52.80	56.50	55.00-52.50
May	68.10	72.50	71.00-68.10
Nov	67.30	67.30	—
Feb	76.80	76.60	—
April	86.50	86.20	89.00-86.50

Turnover: 845 (1,103) lots of 40 tonnes.

RUBBER

The physical market opened about unchanged, attracted little interest throughout the day and closed dull. Lewis and Peat reported a March fob price for No 1 RSS in Kuala Lumpur of 245.5 (245.0) cents a kg and SMR 20 241.0 (same).

No. 1 R.S.S.	Yesterdys close	Previous close	Business Done
	£ per tonne		
Apr	760-765	745-770	—
May	772-790	752-775	—
Apl-Jne	770-779	752-761	752
Jly-Sept	795-797	781-785	799-770
Oct-Dec	821-822	812-813	826-802
JanMch	849-851	836-840	851-850
Apl-Jne	878-879	862-870	880-867
Jly-Sept	904-906	891-893	905-894
Oct-Dec	931-932	919-922	—

Sales: 344 (197) lots of 15 tonnes. nil (nil) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 76.00p (74.00p); April 77.00p (76.00p); May 78.50p (77.25p).

SOYABEAN MEAL

The market opened steady and moved higher on weaker sterling reports T. G. Roddick. Trade buying interest and reserved selling kept prices firm.

	Yesterdy's Close	+ or —	Business Done
	£ per tonne		
April	147.70-48.5	+2.40	147.60-47.10
June	149.80-49.5	+2.35	147.50-47.40
August	150.40-50.5	+2.75	150.20-48.50
October	154.80-55.5	+2.60	—
Dec	158.50-61.5	+2.85	—
Feb	164.80-65.8	+3.80	—
April	165.80-67.6	+3.50	—

Sales: 21 (98) lots of 100 tonnes.

SOYABEAN OIL—The market opened unchanged and moved slightly better on short covering. Close (US $ per tonne): April 398.00-400.00, 400.00; June 413.00-18.00, 412.00; Aug 426.00-31.00, 426.00; Oct 438.00-42.00, untraded; Dec 453.00-55.00, untraded; Feb 455.00-65.00, untraded; April 460.00-80.00, untraded. Turnover: 7 (47) lots of 25 tonnes.

SUGAR

LONDON DAILY SUGAR—Raw sugar £106.00 (£107.00) a tonne cif March-April-May shipment. White sugar £144.00 (£143.00). The market opened around pre-weekend levels but prices soon improved. With the pound under pressure selling interest was lacking and quotations continued to gain ground and by the close were some £2.00 above first traded levels, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
May	116.15-16.20	115.85-15.95	116.50-14.25
Aug	125.85-25.95	123.85-25.90	125.95-21.25
Oct	130.30-30.40	129.80-30.00	130.50-28.00
Dec	136.25-36.75	135.80-36.00	136.50-35.00
March	145.40-45.75	144.50-44.75	145.75-45.50
May	148.00-50.00	148.25-49.00	—

Sales: 1,708 (1,631) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £405.90 (same) a tonne for home trade and £211.00 (£212.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for March 17: Daily prices 6.08 (5.98); 15-day average 6.12 (6.14).

JUTE

JUTE—C and f Dundee BWC £271, BWD £242, BTB £311, BTC £271 BTD £242. C and f Antwerp £270, BWD £241, BTC £270, BTD £241. C and f Dundee March 40 in 10 oz £14.34, 40 in 7.5 oz £10.97; B Twills £41.32.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 547 tonnes. Users were again anxious to supplement existing stocks. Further purchases in Middle Eastern qualities were recorded with some support in African growths.

TEA AUCTIONS

LONDON TEA AUCTION—34,994 packages were on offer at this week's auction, including 5,800 packages of offshore teas. This was a strong market. Assams met good competition at fully firm rates, with brighter line and most brokens 2p-3p dearer. Dooar's CTCs were particularly strong and sold substantially above values while sylhets gained 2p-3p. East Africans came in for much improved demand, advancing by 2p-8p and sometimes more. Central Africans also sold well and were generally 2p-3p dearer. The offshore sale was strong with considerable overseas enquiry and prices moved 1p-3p higher. Quotations: Quality 149p a kg (146p), medium 138p a kg (136p), low medium 125p a kg (122p).

INDICES

FINANCIAL TIMES

Mar. 18	Mar. 17	M'th ago	Y'ar ago
266.34	263.75	260.18	243.98

(Base: July 1 1952=100)

REUTERS

Mar. 21	Mar. 18	M'th ago	Y'ar ago
1724.1	1723.7	1669.7	1584.9

(Base: September 18 1931=100)

MOODY'S

Mar. 18	Mar. 17	M'th ago	Y'ar ago
1040.0	1036.1	1077.8	997.0

(December 31 1931=100)

DOW JONES

Dow Jones	Mar. 18	Mar. 17	Month ago	Year ago
Spot	137.04	136.84	146.68	125.46
Fut'rs	141.87	142.36	151.78	128.84

(Base: December 31 1974=100)

MEAT/FISH

SMITHFIELD MARKET—Pence per pound. Beef: Scotch killed sides 78.0 to 82.8, English hindquarters 96.5 to 100.0, forequarters 57.5 to 60.0. Veal: Dutch hinds and ends 130.0 to 134.0. Lamb: English small 84.0 to 88.0, medium 80.0 to 84.0, heavy 71.0 to 76.0, Scotch heavy 70.0 to 76.0; Imported: New Zealand PL 51.5 to 52.5, PX 46.5 to 47.5. Pork: English, under 100 lb 35.0 to 50.0, 100-120lb 44.5 to 49.0, 120-160lb 35.5 to 45.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 93.76p per kg lw (—0.83). GB—Sheep 189.64p per kg est dcw (+8.47). GB—Pigs 68.58p per kg lw (—2.64).

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-£5.50, codling £2.80-£4.00; large haddock £4.20-£4.60, medium £3.80-£4.80, small £1.80-£3.00; best small plaice £3.70-£5.20; lemon sole (medium) £8.00-£8.50; rockfish £3.30; saithe £1.60-£2.10.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Ortaniques—Jamaican: 8.00-9.00. Mandarines—Spania: 4.60-5.20. Karas—Spania: 4.60-5.40. Wilkings—Spania: 4.80-5.20. Temples—Jaffa: 4.00-6.20. Oranges—Spania: Navels 5.00-6.00; Jaffa: Shamouti 40 5.50, 50 5.80, 60 6.35, 75 6.55, 88 6.65, 105 6.40, 123 6.40, 144 6.25, 168 6.00; Moroccan: Valencia Lates 5.80-6.50. Lemons—Cyprus: 9-kg 2.60-3.60; Spania: tray 5-kg 25/50 1.80-2.00; Jaffa: carton 4.00-5.50. Grapefruit—Cyprus: 23/56 2.80-4.20, Ruby 32/48 5.00-5.80; Jaffa: 27 4.50, 32 4.65, 36 4.95, 40 5.20, 48 5.20, 56 4.75, 64 4.60, 75 4.50, 88 4.35; U.S.: Ruby 6.50-9.00 according to size. Apples—Cape: 18kg Golden Delicious 11.00-12.00; French: 18-kg Golden Delicious 5.00-6.50, Starkcrimson 4.00-6.00, Granny Smith 5.50-7.50; U.S.: Red Delicious 9.60-12.50; Canadian: Red Delicious 9.20-10.00, Spartan 8.00-8.80. Pears—Cape: Williams Bon Chretien 33-lb 7.00-8.00, Beurre Hardy 7.00-7.50; Dutch: Conference 12-kg 8.60, Comice 14-lb 3.90-4.20; Italian: Passacrassana 12/14-lb, per pound 0.10-0.16; Cape: Comice 33-lb 7.50-8.00. Grapes—Cape: Barlinka 7.00, Dan Ben Hannah 8.30, Waltham Cross 5.30-5.40, *Alphonse 8.50-8.60; Brazilian: 9-lb* Italia 8.00; Chilean: Thompson 5-kg 10.00-10.50. Strawberries—Israeli: 8-oz 0.60-0.70; U.S.: 12-oz 1.20-1.40. Plums—Cape: Sungold 5.00-6.00, Golden King 3.60, Harry Pickstone 5.60-6.60. Melons—Cape: yellow 7.00-9.00, white 7.00-7.50; Brazilian: yellow 10-kg 8.00-10.00, small cartons 5.00-5.50; Chilean: 15-kg 8.00-12.60. Pineapples—Ivory Coast: 20s 0.45, 12'C 0.65, 12'B 0.85, 6s 1.20; Ghanaian: each 0.90-1.20 according to size; Kenya: 6s 1.20-1.80. Bananas—Colombian: 40-lb boxes 9.60.

[illegible]

AMERICAN MARKETS

The precious metals continued to trade in a volatile fashion with selling primarily emanating from expectations of further cuts in the oil price and continued liquidation by commission houses. However, the failure the follow through on the downside prompted short covering late in the day pushing *values above unchanged*. Copper failed to react to continued indications of an economic recovery with producer price cuts encouraging selling by locals and commission houses. Sugar found good buying interest in response to reports of continued delays. Cocoa prices remained under pressure on a general lack of selling interest and arbitrage selling on weakness to sterling. Good roaster interest continued to attract short covering in coffee which pushed values higher. Cotton continued to move higher on expectations of good participation in the PIK programme and on Far East buying interest due to the lack of *availability of Soviet cotton*. Heating oil was under pressure from a slow product market and expectations of further producer price cuts. The grain and soyabean complex rallied on slow country movement and expectations of high participation in the PIK programme, reported Heinold Commodities.

NEW YORK

COCOA 10 tonnes, $/tonne

	Close	High	Low	Prev
May	1658	1675	1641	1669
July	1685	1703	1680	1704
Sept	1725	1740	1715	1737
Dec	1765	1778	1761	1784
May	1817	—	—	1836
July	1842	—	—	1861

COFFEE "C" 37,000 lbs, cents/lb

	Close	High	Low	Prev
March	123.38	123.60	122.01	122.90
May	123.52	123.70	121.25	121.81
July	123.38	123.50	120.90	121.21
Sept	122.14	122.25	120.20	120.40
Dec	119.00	119.00	118.30	118.25
March	116.00	116.00	115.75	115.25
May	114.00	—	—	112.50
July	110.00	—	—	110.25

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
March	70.50	73.05	70.50	71.40
April	70.55	—	—	71.50
May	71.30	72.60	71.15	72.25
July	72.70	74.00	72.50	73.50
Sept	74.10	75.45	74.00	74.85
Dec	75.90	77.35	75.60	76.60
Jan	76.50	77.60	76.60	77.20
March	77.70	79.00	77.60	78.35
May	78.75	79.80	78.60	79.40
July	79.80	80.40	79.45	80.45

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
May	74.77	74.85	73.80	73.92
July	73.72	73.77	72.95	73.05
Oct	72.45	72.60	72.00	72.00
Dec	72.20	72.35	71.53	71.58
March	73.25	73.40	72.80	72.70
May	73.85	73.50	73.50	73.45
July	74.10	—	—	74.00

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
March	420.0	419.3	416.0	415.4
April	421.0	421.5	413.0	416.5
May	424.0	419.5	417.5	419.4
June	427.0	428.0	419.0	422.4
Aug	433.4	433.5	426.0	428.7
Oct	440.1	438.5	433.0	435.4
Dec	447.1	445.5	437.0	442.3
Feb	454.1	448.0	448.0	449.2
April	461.3	456.0	454.6	456.3

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Close	High	Low	Prev
April	72.02	72.10	71.30	71.99
May	71.25	71.35	70.75	71.55
June	71.14	71.20	70.70	71.53
July	71.25	71.30	70.70	71.61
August	71.80	71.60	71.30	72.05
Sept	72.60	72.30	72.15	73.20
Oct	73.00	73.25	72.75	73.75
Nov	74.15	74.25	73.75	74.70
Dec	75.30	75.30	74.75	75.70

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
May	112.55	112.70	110.90	110.80

[illegible]

CHICAGO

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
May	6.67	6.68	6.47	6.47
July	6.94	6.95	6.76	6.73
Sept	7.25	7.25	7.11	7.05
Oct	7.52	7.52	7.32	7.30
March	8.52	8.52	8.33	8.30
May	8.80	8.74	8.59	8.62
July	8.98	—	—	8.85

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
April	67.07	67.45	66.85	67.02
June	67.40	67.70	67.15	67.35
Aug	64.85	65.20	64.70	64.77
Oct	62.02	62.40	62.00	62.07
Dec	63.10	63.45	62.92	63.22
Feb	62.90	62.95	62.70	62.85

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
April	51.77	51.50	50.90	50.62
June	54.85	55.00	54.35	54.57
July	55.20	55.45	54.85	54.97
August	52.57	53.00	52.50	52.32
Oct	48.30	48.50	48.02	48.10
Dec	48.25	48.45	48.10	48.25
Feb	47.75	48.25	47.60	47.90
April	46.40	46.40	46.40	46.30
June	46.50	46.50	46.50	46.70

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
March	291.0	291.4	287.4	287.0
May	299.6	200.2	295.6	295.6
July	307.4	308.0	303.6	303.6
Sept	303.4	304.2	—	300.0
Dec	299.4	301.2	298.2	298.2
March	307.2	309.2	305.6	306.4
May	313.0	315.0	312.4	312.4

PORK BELLIES 38,000 lbs, cents/lb

	Close	High	Low	Prev
March	75.70	75.70	74.00	73.70
May	76.30	76.40	74.60	74.40
July	76.25	76.42	74.60	74.42
Aug	73.15	74.00	72.75	72.40
Feb	63.95	64.90	63.50	63.10
March	62.60	63.90	62.60	62.05
May	63.80	65.00	63.80	63.25
July	65.00	65.50	65.00	65.00

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
March	601.0	603.0	598.4	597.4
May	612.4	615.4	608.0	608.2
July	627.6	630.0	622.0	622.2
August	632.0	636.0	628.0	627.0
Sept	640.4	641.0	632.0	631.0
Nov	652.6	654.0	644.0	644.0
Jan	665.2	667.0	656.0	655.4
March	678.0	678.0	668.4	668.0
May	688.4	688.4	680.4	679.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
March	178.3	178.9	177.5	177.5
May	183.1	183.7	180.8	181.4
July	187.4	187.8	184.6	185.3
August	189.5	189.7	186.5	187.2
Sept	191.0	191.0	188.5	189.1

[illegible]

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

1982/83 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100⅝	92⅞	Treasury 9½pc '83	99⅞	-⅛	9.28	10.21
104⅝	96⅝	Exch. 13½pc '83	101⅞	-⅛	13.27	10.62
101⅝	91⅞	Exch. 10pc 1983	99¾	-⅛	10.03	10.37
98¼	87⅝	Funding 5½pc '82-84‡‡	96⅞	-⅛	5.68	9.50
103¾	91⅞	Exch. 11¼pc 1984	100⅝	-⅛	11.18	10.48
107¼	96¼	Exchequer 14pc 1984	103⅛	-⅛	13.54	10.83
94½	81⅞	Exch. 3pc 1984	93⅛	-⅛	3.20	8.37
105¼	91½	Treasury 12pc 1984	101⅞xd	-¼	11.79	10.65
112	96¼	Treasury 15pc 1985	106¾	-⅛	14.05	10.99
112¼	103⅛	Exch. 12pc Cnv. '85	103¼xd	-½	11.62	10.15
91¼	73½	Treasury 3pc 1985	89¾	-⅛	3.34	8.26
105½	87½	Treasury 11½pc 1985	100⅞	-⅛	11.41	11.07
102	95½	Treas 8¾pcCnv '85	96⅛	-⅛	9.10	10.54
107⅝	88⅝	Exch. 12¼pc 1985	101⅞	-⅛	12.02	11.39
106⅝	86⅛	Exch. 11¾pc '86	101	-½	11.63	11.33
89½	69	Treasury 3pc 1986	86⅞	-¼	3.47	7.95
27	26	Exch. 10¼pc Cv '86(£25pd)	26⅛	-⅛	10.52	10.55
107¼	86¼	Treasury 12pc '86	101½	-⅝	11.82	11.41
100	80¼	Treasury 8¼pc '84-86‡‡	95	-¼	8.95	10.32
116¼	96⅛	Treas. 12¼pc '86 Cnv	107½	-⅞	11.40	9.56
114	91⅞	Exch. 14pc 1986	106⅝	-⅛	13.13	11.67
112	90	Exch. 13¼pc 1987	105½	-⅛	12.56	11.42
84⅛	83⅛	Exchequer 2½pc 1987	84	-⅛	2.98	7.24
103½	95⅝	Exch. 10½pc 1987	97⅝xd	-⅝	10.76	11.25
30⅛	29⅛	Ex 10½pc '87A (£30pd)	29⅛	-¼	10.76	11.26
93⅜	73⅞	Funding 6½pc '85-87‡‡	89⅝	-¼	7.24	9.58
[illegible]						

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

1982/83 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
98⅜	85¼	Aust. 6pc 1981-83	98	-¼	6.23	11.52
83¼	57	N.Z. 7¼pc 1988-92	75¼	-¼	9.82	11.99
93½	74¼	Do. 7½pc '83-86	90½	-¼	8.46	11.77
167	136	S. Rhod. 2½pc Non-Ass	162		—	15.40
80	58	Do. 3½pc 80-85 Assd	76		4.61	15.40
55	32	Do. 4½pc 87-92 Assd.	46		10.31	17.00
402	318	Zimbabwe Ann (£100pd)	329xd		—	19.07

LOANS

Public Board and Ind.

1982/83 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
77½	57½	Agric. Mt. 5pc '59-89	75½	-½	6.71	10.65
38	24¾	Met. Wtr. 3pc 'B'	32	-1	9.41	11.98

LOANS—Continued

1982/83 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
		Financial				
103¼	95½	FFI 14pc '83	101¼	-¼	13.76	11.49
95	80	FFI(UK Fn)6¼pcDb '81-84	94½		6.79	11.60
103½	82½	Do. 10¼pc Uns Ln '86	100½	-½	10.70	11.30
105	78	Do. 11pc Uns Ln '88	101½		11.07	11.10
106	78	Do. 11¾pc Uns Ln. '90	102½	-½	11.90	12.00
108¼	82	Do. 12½pc Un Ln. 1992	101½		12.30	12.35
83	54	Do. 7¼pc A Deb '89-92	75½		9.90	11.85
79½	53	Do. 7¼pcADeb. '91-94	73xd	+½	9.93	11.60
90	62	Do. 9pc 'A' '91-94	83½xd		10.78	11.65
87¼	57½	Do. 8⅞pcLn. '92-97	80½		11.02	11.60
		Building Societies				
102¼	99⅝	Nat'wide 14¼pc 4.4.83	100¾xd		—	—
102⅝	100⅛	Do. 14¼pc 25.4.83.	100⅛		12.47	10.37
102⅛	99⅞	Do. 13⅞pc 23.5.83	100½		13.81	10.75
102⅞	100⅛	Do. 13¾pc 13.6.83	100⅝		13.85	10.81
102¾	100⅛	Do. 14pc 4.7.83	100¾		13.90	11.11
102¼	100⅛	Do. 13¼pc 25.7.83	100⅝		13.04	11.21
101½	99⅞	Do. 11⅞pc 15.8.83	100¼		11.84	11.22
101	98⅝	Do. 11¼pc 30.8.83	100⅛		11.22	10.63
101⅛	99¼	Do. 11⅜pc 3.10.83	100¼xd		11.35	10.83
100⅜	98¼	Do. 9⅞pc 31.10.83	99¼		10.01	11.25
99¾	98	Do. 9⅞pc 28.11.83	99⅛		9.96	11.23
100¾	99⅛	Do. 11¼pc 19.12.83	100¼		11.22	10.92

FOREIGN BONDS & RAILS

1982/83 High	Low	Stock	Price £	+ or -	Div. % Gross	Red. Yield
17	9	Chinese 4½pc 1898	8		—	—
14	9	Do. 5pc 1912	9		—	—
14	6	Do. 5pc 1913	9		—	—
12	5½	Do. 5pc '25 Boxer	5½		—	—
44	42	Greek 7pc Ass.	43		3½	8.25
42	40	Do. 6pc 28 Stb. Ass.	41		3	7.59
38	35	Do. 4pc Mixed Ass	38		2	5.27
35	25	Hung. '24 Ass	31½		2¼	19.90
122	87½	Hydro Quebec 15pc Ln 2011	110½	-1	15	14.12
[illegible]						

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. & LEASING

1982/83 High	Low	Stock	Price	+ or -	Div. Net	C'vr	Y'ld Gr's	P/E
282	182	ANZ SA1	202	-1	Q28c	3.1	7.9	4.1
315	205	Alexanders D. £1	285		20.0	—	10.0	—
£90¾	£48	Algemene Fl.100	£90¾	+1	vQ26%	ϕ	7.1	ϕ
116	75	Allied Irish	110	-6	Q45.3%	4.0	9.4	3.4
164	77	Ansbacher (H.) 50p	80	-2	3.5	—	6.2	—
290	200	Bk. Ireland £1	277	-15	Q29.4%	—	9.7	—
3½	2	Bank Leumi	2½		—	—	—	—
*227	130	Bk Leumi (UK) £1	165		10.15	—	8.8	—

BANKS—Continued

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued.

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
197	158	[illegible] Tem Svs 20p	176	.....	u4.0	1.8	3.3	24.4
210	145	Jacksons Bourne	180	−5	5.0	3.1	4.0	11.7
32	19	James Inds. 10p	28½	+1	1.25	1.9	6.3	11.9
180	105	Jardine M HK$5	133		t092c	2.3	6.7	6.5
48	13	Jeeks & Cattell	29	−1	21.0	—	4.9	—
314	187	Johnson Clors.	314	+6	†17.7	2.3	3.5	17.5
340	227	Johnson Mthy £1	315	−2	10.0	1.9	4.5	(13.8)
286	98	Johnston Grp. 10p	286	.....	4.0	6.2	2.0	11.4
102	64	Jourdan (T.) 10p	92xd	.....	5.6	Φ	8.7	Φ
48	35	Kalamazoo 10p	43	+2	2.5	8.9	8.6	18.6
212	135	Kelsey Inds.	210	.....	8.0	1.7	5.4	14.5
310	110	Kershaw (A.) 5p	120	.....	15.0	0.6	17.9	(8.1)
55	36	Kleen-E-Ze Hldgs.	48	.....	t3.0	0.2	8.9	—
66½	42½	L.C.P. Hlds.	63	.....	3.6	0.6	8.2	(9.0)
121	39½	L.R.C. Int. 10p	121	+2	t3.1	2.0	3.7	20.4
24	16	Lamont Hldgs. 10p	22½	.....	1.2	1.8	8.0	(8.1)
46	26	Lawtex	29	.....	—	—	—	—
440	277	Lep Group 10p	405	.....	17.5	1.7	6.2	(11.4)
37	22	Lilleshall 10p	25	.....	‡2.5	—	‡	—
700	39	Lon. & Liv. 10p	442	+17	†2.45	2.4	0.8	64.4
117	78	London & Mid'd.	114	.....	7.75	1.1	9.7	(13.8)
63	36	Lon. & Nthn. Grp.	61	−1	†3.75	2.1	8.8	6.5
43	23	‡Lon. Priv. Health	37	.....	—	—	—	18.5
10	3½	Long Hmbly. 10p	7¼	.....	B—	—	—	—
65	36	Longton Inds.	47	+1	1.0	—	3.0	—
195	55	Low & Bonar 50p	74	.....	†7.0	0.6	13.5	(25.0)
27½	14	M.Y. Dart 10p	18½	−½	‡b1.21	—	‡	—
242	105	M'c'rthy Ph. 20p	[illegible]	.....	7.0	2.5	6.4	7.7

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
300	75	Falcon Rh.50c	250	.....	Q25c	10.3	7.0
33	16	Wankie Col. Z$1	20	+2	†Q3c	1.2	10.2
28	12	Zam Cpr.SBD0.24	21	.....	—	—	—

Australians

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28½	10	♥ACM 20c	13½	−2	—	—	—
28	6	♥Argosy Gold NL 25c	7	.....	♦—	—	—
25	11	Balmoral Resources	11	.....	—	—	—
63	42	♥Black Hill Mins.	42	.....	—	—	—
151	52	♥Bond Corp.	60	−1	gQ10c	2.3	10.2
154	58	♥Bougainville 1 Kina	132	.....	Q3.42c	♦	1.7
273	147	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Tins

Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 39

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar boosted by EMS agreement

The main feature of yesterday's nervous foreign exchange trading was a move into the dollar despite the eventual *settlement of new parities within* the European Monetary System. Early morning rates for EMS currencies tended to move values in line with the various leaks and rumours coming out of Sunday's meeting of European finance ministers in Brussels. These proved remarkably accurate as far as the realignment of the major D-mark and French franc were concerned, although dealers were somewhat surprised at other new rates, including the revaluation of the Danish krone. On the other hand the revaluation of the Belgian franc was not unexpected, despite its recent extreme weakness.

Changes within the EMS released some profit-taking in the D-mark and reopened the possibility of further speculation against the French franc as Eurofranc deposit rates fell sharply and traders were left wondering whether the franc's devaluation was sufficient.

This moved funds into the U.S. *dollar, which was also boosted* by the firmness of Eurodollar interest rates.

The pound fell to a record low against the dollar and D-mark but in common with the dollar rose sharply against the French franc, helping to keep the trade-weighted index unchanged throughout.

DOLLAR — Trade-weighted index (*Bank of England*) 122.6 against 122.1 six months ago. The dollar has shown renewed strength as a safe haven for funds during a time of extreme uncertainty about the effects of falling oil prices, and upheaval within the EMS. U.S. interest rates have not fallen as sharply as once expected, partly because of the high level of Federal funding. These factors are tending to outweigh the present trade position and balance of payments deficit.

The dollar rose to DM 2.4180 from DM 2.3960 against the D-mark; to FFr 7.24 from FFr 6.91 against the French franc; to SwFr 2.06 from SwFr 2.07 in terms of the Swiss franc; and to Y241 from Y240.25 against the Japanese yen.

STERLING — Trading range against the dollar in 1982-83 is 1.9265 to 1.5005. Trade-weighted index was unchanged all day at 78.9, *compared with 91.7 six* months ago. Sterling remains weak and vulnerable because of uncertainty about world oil prices. The pound has not been particularly interest rate sensitive, showing little initial reaction to the cut in clearing bank base rates, but fears continue to overhang the currency about a possible price war between Britain and Nigeria despite the recent Opec agreement.

Sterling rose to FFr 10.6450 from FFr 10.27, but fell to DM 3.5575 from DM 3.5650; to SwFr 3.06 from SwFr 3.08; and to Y 354.50 from Y357.50.

The pound opened at $1.4840-$1.4850, the highest level of the day, and fell to a low of $1.4675-$1.4685 in the afternoon, before closing at $1.4700-$1.4710, a fall of 1.70 cents from Friday's close.

Early trading was very confused within the EMS. The Bundesbank suspended its intervention levels which meant that EMS currencies were allowed to float freely without corrective action by the central bank. In a very short space Nordic central banks suspended foreign exchange operations and daily official fixings pending clarification of the realignment terms. Similar measures were announced in several other financial centres including Brussels, Dublin, Madrid and Helsinki. The little trading done attracted very wide quotations.

The full terms of the realignment meant a 5½ per cent revaluation of the D-mark, 3½ *per cent of the Dutch guilder,* 2½ per cent of Danish krone and 1½ per cent of the Belgian and Luxembourg francs. The French franc was devalued by 2½ per cent from central rates (meaning an 8 per cent parity change against the D-mark), while the Italian lira was devalued by 2½ *per cent and the Irish punt 3½* per cent all from ECU central rates. The 2¼ per cent movement either side of the central rate was left unchanged. Revised parities meant that the French franc is now trading at its lowest level ever against the D-mark, while the Dutch guilder, by virtue of its smaller revaluation, slipped to a 3½-year low against the D-mark.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 21	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.3662	—	—	—	±1.5491
Danish Krone ...	8.04412	—	—	—	±1.6419
German D-Mark	2.51515	—	—	—	±1.0567
French Franc ...	6.79271	—	—	—	±1.4018
Dutch Guilder ...	2.49587	—	—	—	±1.4941
Irish Punt.........	0.71705	—	—	—	±1.6696
Italian Lira	1386.78	—	—	—	±4.1463

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Mar. 21	£	$		£ Note Rates
Argentina Peso	95,263-95,463	64,760-64,810	Austria	24.90-25.20
Australia Dollar	1.6960-1.6980	1.1525-1.1531	Belgium	73.25-74.25
Brazil Cruzeiro	593.17-597.17	403.32-405.34	Denmark	12.60-12.75
Finland Markka	8.0349-8.0551	5.4110-5.4130	France	10.35-10.75
Greek Drachma	124.059-127.208	83.90-84.10	Germany	3.53½-3.57½
Hong Kong Dollar	9.8475-9.8675	6.6900-6.7000	Italy	2125-2155
Iran Rial	127.05*	84.00*	Japan	355-360
Kuwait Dinar (KD)	0.430-0.430½	0.2923-0.2924	Netherlands	3.92-3.96
Luxembourg Fr.	69.80-70.10	47.50-47.65	Norway	10.65-10.75
Malaysia Dollar	3.385-3.4025	2.2980-2.3030	Portugal	141-170
New Zealand Dlr.	2.2550-2.2600	1.5337-1.5361	Spain	188-204
Saudi Arab. Riyal	5.0595-5.0655	3.4395-3.4410	Sweden	11.00-11.15
Singapore Dollar	3.0750-3.0950	2.0900-2.0950	Switzerland	3.05¼-3.08¼
Sth. African Rand	1.5967-1.6007	1.0864-1.0875	United States	1.47-1.49
U.A.E. Dirham	5.4000-5.5055	3.6710-3.6720	Yugoslavia	111-126

*Selling rates

CURRENCY MOVEMENTS

Mar. 18	Bank of England Index	Morgan Guaranty Change %
Sterling	78.9	−41.1
U.S. dollar	122.6	+12.1
Canadian dollar	91.3	−16.7
Austrian schilling	123.0	+32.7
Belgian franc	95.2	+0.2
Danish kroner	85.5	+8.4
Deutsche mark	131.5	+58.5
Swiss franc	149.2	+103.8
Guilder	120.5	+28.3
French franc	71.2	−22.4
Lira	52.3	−59.3
Yen	143.7	+37.6

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Mar. 21	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.731489	N/A
U.S. $	8½	1.08275	"
Canadian $	9.53	*	"
Austria Sch	3¾	18.2876	"
Belgian F	14	N/A	"
Danish Kr	8½	N/A	"
D mark	4	2.58452	"
Guilder	3½	N/A	"
French F	9½	"	"
Lira	18	"	"
Yen	5½	"	"
Norwgn Kr	9	"	"
Spanish Pta	—	"	"
Swedish Kr	9	"	"
Swiss Fr	4	2.23696	"
Greek Dr'ch	20½	N/A	"

* C$/SDR rate for March 18: 1.33213.

THE POUND SPOT AND FORWARD

March 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4675-1.4850	1.4700-1.4710	0.22-0.17c pm	1.59	0.43-0.38 pm	1.10
Canada	1.7960-1.8150	1.8000-1.8010	0.36-0.26c pm	2.07	0.60-0.50 pm	1.22
Nethlnd.	3.93-3.98	3.95½-3.96½	2½-2⅛c pm	7.20	6⅞-6 pm	6.31
Belgium	69.50-71.00	69.80-70.10	25-50c dis	−6.43	46-100 dis	−4.15
Denmark	12.56-12.94	12.61-12.76	n/a	—	n/a	—
Ireland	1.1170-1.1300	1.1220-1.1260	n/a	—	n/a	—
W. Ger.	3.52-3.58	3.55¼-3.56¼	2½-1⅞pf pm	6.32	5⅛-4⅝ pm	6.82
Portugal	138.75-143.75	139.00-143.00	n/a	—	n/a	—
Spain	198.50-203.50	199.00-201.00	n/a	—	n/a	—
Italy	2119-2162	2124-2134	12-22lire dis	−9.58	35-50 dis	−7.98
Norway	10.60-10.75	10.64-10.66	n/a	—	n/a	—
France	10.50-10.72	10.63-10.66	2-10c dis	−6.76	9.19 dis	−5.26
Sweden	11.01-11.17	11.07-11.09	n/a	—	n/a	—
Japan	353-359	354-355	1.35-1.15y pm	4.23	3.60-3.40 pm	3.95
Austria	24.80-25.20	25.00-25.05	n/a	—	n/a	—
Switz.	3.05-3.08	3.05½-3.06½	2-1½c pm	6.86	5⅛-4⅝ pm	6.54

Belgian rate is for convertible francs. Financial franc 72.90-73.00. Six-month forward dollar 0.69-0.64c pm. 12-month 1.00-0.85c pm.

THE DOLLAR SPOT AND FORWARD

March 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4675-1.4850	1.4700-1.4710	0.22-0.17c pm	1.59	0.43-0.38 pm	1.10
Ireland†	1.2800-1.3300	1.3050-1.3100	n/a	—	n/a	—
Canada	1.2240-1.2258	1.2240-1.2250	0.01cpm-0.03dis	−0.19	0.01-0.06dis	−0.11
Nethlnd.	2.6500-2.6930	2.6920-2.6930	1.30-1.20c pm	5.60	3.45-3.35 pm	5.08
Belgium	47.25-47.65	47.50-47.65	20-30c dis	−6.33	40-60 dis	−4.22
Denmark	8.5800-8.6800	8.5800-8.6800	2-6ore dis	−5.60	6½-10½ dis	−3.96
W. Ger.	2.3830-2.4200	2.4175-2.4185	1.00-0.95pf pm	4.84	2.78-2.73 pm	4.56
Portugal	n/a	n/a	n/a	—	n/a	—
Spain	n/a	n/a	n/a	—	n/a	—
Italy	1443-1460	1445-1453	n/a	—	n/a	—
Norway	7.2300-7.2800	7.2500-7.2800	2-4ore dis	−4.97	7½-9½ dis	−4.70
France	7.10-7.26	7.23-7.25	3-7c dis	−8.29	8.13 dis	−5.80
Sweden	7.47-7.52	7.47-7.50	½-1½ore dis	−1.60	2½-3½ dis	−1.60
Japan	240.00-242.10	240.95-241.05	0.58-0.51y pm	2.66	1.70-1.62 pm	2.76
Austria	16.80-16.96	16.95½-16.96	6.70-5.80gro pm	4.42	18½-16 pm	4.07
Switz.	2.0645-2.0820	2.0795-2.0805	0.97-0.92c pm	3.88	2.85-2.80 pm	3.67

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

Belgian rate is for convertible francs. Financial franc 49.55-49.70.

EXCHANGE CROSS RATES

Mar. 21	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.471	3.558	354.5	10.65	3.060	3.960	2129.	1.801	69.95
U.S. Dollar	0.680	1.	2.419	241.1	7.239	2.081	2.693	1448.	1.224	47.57
Deutschemark	0.281	0.413	1.	99.65	2.992	0.860	1.113	598.5	0.506	19.66
Japanese Yen 1,000	2.821	4.148	10.04	1000.	30.03	8.632	11.17	6006.	5.079	197.3
French Franc 10	0.932	1.381	3.342	333.1	10.	2.875	3.720	2000.	1.691	65.71
Swiss Franc	0.327	0.481	1.163	115.8	3.479	1.	1.294	695.8	0.588	22.86
Dutch Guilder	0.253	0.371	0.898	89.52	2.688	0.773	1.	537.6	0.455	17.66
Italian Lira 1,000	0.470	0.691	1.671	166.5	5.000	1.437	1.860	1000.	0.846	32.85
Canadian Dollar	0.555	0.817	1.976	196.9	5.912	1.700	2.199	1182.	1.	38.85
Belgian Franc 100	1.430	2.102	5.086	506.6	15.22	4.375	5.661	3044.	2.574	100.

FINANCIAL FUTURES

Prices fall

Most sectors showed steady falls in the London International Financial Futures Exchange yesterday. Euro-dollar values were depressed by a higher cash market. This was mainly a reflection of a further increase in U.S. weekly money supply figures and a net borrowed reserve figure by commercial banks. This was described officially as technical but there were still fears that it could herald a tightening in Federal policy. There was also little incentive to move out of short positions as the market was faced with this week's huge refunding programme and this kept the market in quite a nervous state.

The June Euro-dollar contract *opened* 15 points lower at 90.33 and traded in a narrow range with relatively low volume. It touched a low of 90.29 prior to the opening of Chicago but was then pushed up before meeting further selling to finish at 90.33.

Sterling based contracts were affected principally by sterling's weaker performance. *Gilt* contracts opened lower compared with Friday's closing levels and touched the day's lows before attracting limited buying. However sterling's continued weakness pushed values to the day's lows. The June contract opened at 103-10 down from 103-29 and touched a best *level of 103-12* before slipping to its worst level of the day at the close to 102-24.

Short sterling contracts moved in much the same way with the June price starting at 89.90 down from 90.06 and slipping to a low of 89.93 before finishing at 89.84. Currency trading saw a stronger dollar as the market reacted to the latest realignment within the European Monetary System.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	90.33	90.35	90.29	90.48
Sept	90.12	90.14	90.11	90.26
Dec	89.96	90.00	89.95	90.09
March	89.84	89.84	89.84	90.00
June	—	—	—	—

Volume 848 (762)
Previous day's open int. 3,719 (3,739)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
June	89.84	89.96	89.83	90.06
Sept	89.93	90.04	89.93	90.14
Dec	89.94	90.02	89.98	90.14
March	89.99	90.02	89.99	90.16
June	—	—	—	—

Volume 644 (679)
Previous day's open int. 2,857 (2,849)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	102-28	—	—	104-00
June	102-24	103-12	102-24	103-29
Sept	102-12	102-29	102-18	103-17
Dec	103-12	103-12	103-12	104-14
March	103-13	—	—	—

Volume 1,240 (1,348)
Previous day's open int. 2,351 (2,329)
Basis quote (clean cash price of 15½% Treasury 1998 less equivalent price of near futures contract) 8-18 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.4707	1.4795	1.4700	1.4880
Sept	1.4680	1.4690	1.4680	1.4850
Dec	—	—	—	—

Volume 263 (392)
Previous day's open int. 827 (776)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.4188	0.4243	0.4180	0.4225
Sept	0.4247	0.4273	0.4248	0.4273
Dec	—	—	—	0.4135

Volume 357 (172)
Previous day's open int. 256 (229)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.4871	0.4892	0.4868	0.4906
Sept	0.4952	0.4952	0.4952	0.4986
Dec	—	—	—	—

Volume 54 (49)
Previous day's open int. 310 (299)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.4185	0.4181	0.4181	0.4194
Sept	—	—	—	0.4223
Dec	—	—	—	—

Volume 5 (123)
Previous day's open int. 345 (357)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	76-06	76-17	75-28	76-08
June	75-16	75-26	75-06	75-18
Sept	74-31	75-09	74-21	75-01
Dec	74-19	74-26	74-08	74-20
March	74-08	74-14	73-31	74-09
June	73-31	74-05	73-24	74-00
Sept	73-23	73-29	73-16	73-24
Dec	73-16	73-25	73-14	73-17
March	73-10	73-10	73-10	73-11
June	73-05	73-05	73-05	73-06

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	91.58	91.62	91.54	91.64
June	91.37	91.44	91.34	91.40
Sept	91.16	91.21	91.11	91.19
Dec	90.98	91.02	90.94	90.97
March	90.78	90.80	90.73	90.77
June	90.54	90.58	90.53	90.56
Dec	90.20	90.20	90.19	90.21

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.23	90.23	90.11	90.20
March	91.11	91.11	91.05	91.15
June	90.65	90.71	90.60	90.70
Sept	90.38	90.42	90.35	90.44

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	90.07	90.12	90.01	90.11
Sept	89.85	89.90	89.81	89.89
Dec	89.67	89.71	89.63	89.70
Feb	—	—	—	—
March	89.44	89.46	89.44	89.52

STERLING (IMM) $s per £

	Latest	High	Low	Prev
June	1.4705	1.4760	1.4640	1.4835
Sept	1.4710	1.4750	1.4635	1.4815
Dec	1.4700	1.4750	1.4620	1.4800
March	1.4660	1.4760	1.4600	1.4780
June	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	69-22	—	69-23	69-29
June	68-31	69-12	68-25	69-06
Sept	68-05	68-16	67-31	68-10
Dec	67-18	67-23	—	67-18
March	66-31	67-04	66-31	67-00
June	66-18	66-21	66-14	66-21
Sept	66-07	66-09	66-02	66-09
Dec	65-26	65-29	65-26	65-26
March	65-10	65-10	65-10	65-17
June	—	—	—	—
Sept	—	—	—	—
Dec	—	—	—	—

MONEY MARKETS

London rates nervous

UK clearing bank base lending rate 10½ per cent (since March 15 and 16)

Interest rates moved nervously higher on the London money market yesterday, as sterling lost ground to the dollar and moved erratically against European currencies as a result of the turmoil in the European Monetary System. Fixed period interbank rates rose by about ⅛ per cent, reflecting the general unease in financial markets, including continuing concern about the effect *of downward spiralling oil prices* on the value of the pound.

The Bank of England forecast a shortage of £350m, but revised *this to £300m at noon. Bills* maturing in official hands, and a take-up of bills from Friday's Treasury bill tender absorbed £555m, with the unwinding of repurchase agreements draining another £178m. These factors were partly offset by Exchequer transactions adding £210m to *liquidity, and a fall in the note* circulation £250m.

Total help supplied by the authorities was £324m. Before *lunch the Bank of England* bought £268m bills outright by way of £17m bank bills in band 1 (up to 14 days maturity) at 10⁷⁄₁₆ per cent; £68m bank bills in band 2 (15-33 days) at 10½ per cent; £34m bank bills in band 3 (34-63 days) at 10⅜ per cent; £7m Treasury bills in band 4 (64-91 days) at 10¼ per cent; £70m local authority bills in band 4 at 10¼ per cent, and £72m bank bills in band 4 (64-84 days) at 10¼ per cent.

In the afternoon the authorities purchased another £56m bills outright through £15m bank bills in band 1 at 10⁷⁄₁₆ per cent; £19m bank bills in band 2 at 10⅜ per cent; £1m Treasury bills in band 3 at 10⅜ per cent; £19m bank bills in band 3 at 10⅜ per cent; and £2m bank bills in band 4 at 10¼ per cent.

In Frankfurt interest rates had a slightly firmer tone, although overnight money was unchanged at 5.05 per cent. The Bundesbank announced a cut in coupons and yields on discountable Treasury notes issued by the Finance Ministry. The coupon on one and two year notes has been reduced to 4.65 per cent from 4.75 per cent, and to 5.10 per cent from 5.25 per cent respectively, cutting the appropriate yields to 4.88 per cent from 4.99 per cent, and to 5.53 per cent from 5.70 per cent. This move followed cuts of 1 per cent in the Bundesbank discount and Lombard rates last week.

In Copenhagen the Danish central bank reduced its bank rate to 8½ per cent from 10 per cent.

LONDON MONEY RATES

Mar. 21 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	10-12	—	—	—	10¾-11¼	10¼-10¾	—	—	—
2 days notice	—	—	10⅞	—	—	—	—	—	—	—
7 days or ...	—	—	—	—	—	11-11¼	—	—	—	—
7 days notice	—	10⅜-11	10⅞	—	—	11-11¼	10½-10⅝	—	—	—
One month	10⅞-10¾	10⅞-11	10⅞	11⅛-11⅛	10¹⁵⁄₁₆	11-11⅛	10½-10⅝	10⅞-10⅞	10⅞-10⅞	11⅜
Two months	10½-10⅝	10¾-10⅞	10⅞	11⅜-11	10⅞	11-11⅛	10¼	10⅞-10⅞	10⅞	11⅝
Three months	10¾-10⅝	10¾-10⅞	10¾	11¼-10⅞	10⅞	—	10-10⅛	10⅞-10⅞	10⅞	10⅞
Six months	10⅝-10⅝	10⅝-10⅞	10⅝	10⅛-9⅞	10⅞	—	—	—	10⅜-10⅛	10⅞
Nine months	10½-10⅝	10½-10⅞	10⅝	10¾-10⅞	10⅞	—	—	—	—	—
One year	10½-10⅝	10½-10¾	10½	10⅝-10⅝	10⅞	—	—	—	—	—
Two years	—	—	11	—	—	—	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period February 2 to March 1 1983 (inclusive) *11.391 per cent.*

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11⅛ per cent; four years 11⅛ per cent; five years 11⅛ per cent. ΦBank bill rates in table are buying rates for prime paper. Buying rate for four month bank bills 10⁵⁄₁₆-10⅜ per cent; four months trade bills 10²⁵⁄₃₂ per cent.

Approximate selling rate for one month Treasury bills 10½ per cent; two months 10⅜-10¹¹⁄₃₂ per cent; and three months 10⁵⁄₃₂-10⁵⁄₁₆ per cent. Approximate selling rate for one month bank bills 10½ per cent; two months 10⅜ per cent; and three months 10⅛ per cent; trade bills 10²⁷⁄₃₂ per cent; two months 10²³⁄₃₂ per cent and three months 10¹¹⁄₁₆ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 11½ per cent from March 1 1983. London and Scottish Clearing Bank Rates for lending 10½ per cent. London Deposit Rates for sums at seven days' notice 7½ per cent.

Treasury Bills: Average tender rates of discount 10.1643 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held one month 10¾ per cent; one-three month 10½ per cent; three-six month 10½ per cent; six-12 month 10½ per cent. Under £100,000 10¾ per cent from March 16. Deposits held under Series 3-5 10¾ per cent. The rate for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES

(Market closing rates)

Mar. 21	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	10¾-11	10⅞-11	10⅞-10⅞	10¾-10⅞	10⁹⁄₁₆-10⅝	10⅞-10⅞
U.S. Dollar	8⅞-9⅛	8⅞-9⅛	9⅛-9⅛	9⅛-9⅛	9⅛-9⅛	9⅛-9⅛
Can. Dollar	8-9	8-9	9⅛-9⅜	9⅝-9⅝	9⅝-9⅝	9⅞-10⅛
D. Guilder	3⅞-4⅛	4-4⅛	4-4⅛	4⅛-4⅛	4⅛-4⅝	5⅛-5⅛
S. Franc	3⅛-3⅞	3⅛-3⅞	4⅛-4⅛	4-4⅛	3⅞-4⅛	3⅞-4
Deutschm'rk	4⅜-4⅛	4⅛-4⅛	4⅞-5	4⅞-5	5-5⅛	5⅛-5⅝
Fr'nch Franc	25-75	26-50	15-23	18-19	16-18	15-17
Italian Lira	20-25	16-27⅛	18¾-21⅛	17¾-20¼	18½-19⅞	18-19⅝
Belg. Franc.						
Conv.	24-34	15-25	14-15½	13¼-14¼	12¾-13¾	12¼-12¾
Fin.	17½-18½	15-15½	14¼-14¾	12¾-13¼	12¼-12¾	12-12½
Yen	6⅛-6⅜	6⅞-7	6⅞-7⅛	6⅛-6⅛	6⅛-6⅛	6⅛-6⅛
D. Krone.	24¾-25¼	18¼-18¾	17-17½	15-15½	15-15½	15-15½
Asia $ (Sing.)	9-9⅛	9⅛-9¼	9⅛-9⅛	9½-9⅝	9⅛-9⅛	9⅞-10

FT LONDON INTERBANK FIXING

11.00 a.m. MARCH 21)

3 month U.S. dollars		6 months U.S. dollars	
bid 9 1/2	offer 9 5/8	bid 9 1/2	offer 9 3/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	10½
Fed funds (lunch-time)	8¾-9
Treasury bills (13-week)	8.48
Treasury bills (26-week)	8.55

GERMANY

Lombard	5.0
Overnight rate	5.05
One month	5.30
Three months	5.35
Six months	5.35

FRANCE

Intervention rate	12.5
Overnight rate	12.875
One month	12.6875
Three months	12.5625
Six months	12.1875

JAPAN

Discount rate	5.5
Call (unconditional)	6.65625
Bill discount (3-month)	6.84375

SWITZERLAND

Discount rate	n.a.
Overnight rate	1½-2½
One month	4⅛-4½
Three months	3¹⁵⁄₁₆-4⅛

NETHERLANDS

Discount rate	3½
Overnight rate	4-4¼
One month	3⅞-4⅛
Three months	4⅛-4⅜
Six months	4⅛-4⅜

$ CERTIFICATES OF DEPOSIT

One month	9.05-9.15
Three months	9.10-9.20
Six months	9.30-9.40
One year	9.40-9.60

LONG TERM EURO $

Two years	10½-10⅝
Three years	10¾-11
Four years	11⅛-11⅜
Five years	11⅛-11⅜

SDR LINKED DEPOSITS

One month	8¹³⁄₁₆-9³⁄₁₆
Three months	8⅞-9⅛
Six months	8¹⁵⁄₁₆-9⁵⁄₁₆
One year	8⅞-9¼

ECU LINKED DEPOSITS

One month	9⅞-10⅜
Three months	9⁷⁄₁₆-9¹¹⁄₁₆
Six months	9⁷⁄₁₆-9¹¹⁄₁₆
One year	9⁷⁄₁₆-9⅞

Authorised Units—continued

Equity & Law Un. Tst. Mngrs. (a) (b) (c)
Amersham Rd, High Wycombe. 0494 33377
Euro Tst Ac 54.4 58.4 +0.9 1.46

Hexagon Services Ltd.
4 Gt St Helens, London EC3P 3EP. 0708 45322
AustFrrsGw 104.2 109.7 .... 2.51
Brewin C3D 70.9 74.7 .... 1.35
Brewin Grinc 68.1 71.7 .... 3.74
CanGwth Fd — 100.4 .... 1.11

Lawson Fund Managers Ltd (a) (c)
43 Charlotte Sq, Edinburgh 2. 031-225 6001
Aust & Pac* 7.1 7.6 .... 0.50
High Yield* 19.9 20.9 .... 10.75
Do Accum* 20.2 21.3 .... 10.75
*Dealing Thurs. †Dealing Fri.

The Money Market Trust
63 Qn Victoria St, EC4N 4ST. 01-236 0952
Call Fund — — 11.00 —
7 Day Fund — — 11.00 —
†Unauthorised—Sterling Deposit Fund.

Insurances—continued

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar. 0707 42311
Pension Funds
EqPenFdAc 541.9 570.3 −5.8 —
Fix I Pen Ac 393.8 414.5 −0.1 —
GtMnPenAc 233.9 246.1 +0.1 —
IntlMnPnAc 228.2 240.1 +2.9 —
NAmPnFdAc 116.0 122.0 +1.1 —
Prop Pen Ac 211.8 222.9 +0.1 —
Mpl Iv PnAc 468.1 492.7 −0.8 —

Commercial Union Group
St Helen's, 1 Undershaft EC3. 01-283 7500
VarblAcMar19 — 132.58 .... —
An Uts Mar 25 — 30.72 .... —
Prime Series
Managed 102.0 107.4 −0.2 —
UK Equity 102.6 108.0 −0.4 —
Intl Equity 102.5 107.9 +0.3 —
Property .... —
Fixed Int 99.8 105.1 −0.5 —
Indx Lnkd Gt .... —
Cash 95.8 100.9 +0.1 —
Hand-in-Hand
Cash 117.2 123.4 .... —
Fixed Int 133.7 140.8 .... —
Property 134.4 141.5 .... —
Nat West 170.1 179.1 .... —

Henderson Administration
11 Austin Friars London EC2. 01-588 3622
High Inc Fd 131.4 138.4 −1.2 —
Gilt-Eqy Fd 96.4 101.5 −0.4 —
Co Gwth Fd 136.0 143.2 −0.8 —
Technology 148.7 156.6 +1.7 —
Nat Res ces 111.4 117.3 +0.5 —
Spec Sits Fd 178.0 187.4 +1.8 —
N Amer Fd 208.0 219.0 +2.9 —
Far East Fd 153.6 161.7 +0.4 —
Prop Fd 112.9 118.9 .... —
Managed Fd 172.4 181.5 +1.3 —
Far E Ps Ac 102.9 108.4 +0.2 —
Deposit Fd 113.8 119.8 .... —

Prime Rs Pn 104.4 109.8 −0.6 —
UK Eqp Ac 95.2 100.3 −0.4 —
FxdIntPsAc 98.8 104.0 −0.2 —
N Am Ps Ac 103.9 109.4 +1.8 —
SpeSitPenAc 103.1 108.5 +1.4 —
ManPensAc 100.5 105.8 +0.8 —
ComPnPenAc 95.0 100.0 .... —
PmRsPnPsAc 95.0 100.0 .... —
Dep Pen Ac 95.0 100.0 .... —
Capital Unit Prices available on request.

4 Gt St Helens, London EC3P 3EP.
Gilt Pen Fd 176.9 187.2 .... —
Dep Pen Fd 177.4 187.8 .... —
Gib Eq Pn Fd 48.6 51.5 .... —
Skandia Life Assurance Co Ltd
Frobisher Hse, Southampton. 0703 334411
Managed 146.0 153.7 .... —
Equity 157.4 165.7 −0.6 —
Internat 168.5 177.4 +1.3 —
Nth Amer 105.2 110.7 +1.1 —
Gilt Plus 132.7 139.7 −0.7 —
Property 125.0 131.6 .... —
Deposit 127.2 133.9 .... —
Pens Mangd 171.6 180.6 .... —
Pens Equity 182.0 191.6 −0.5 —
Pens Intl 199.2 209.7 +1.8 —
Pens Gilt Pls 156.3 164.5 −0.9 —
Pens Prty 149.2 157.1 .... —
Pens Depst 152.3 160.3 .... —
For prices of Capital Units and Guaranteed Basis Rates please phone 0703 334411.

TSB Life Ltd
PO Box 3, Keens House, Andover, Hants SP10 1PG.
Managed 2 Fd 95.7 100.8 −0.3 —
Property Fd 95.1 100.2 +0.1 —
Fixed Int Fd 94.7 99.8 −0.8 —
Equity Fund 96.3 101.4 −0.1 —
Money Fund 95.1 100.2 +0.1 —

Offshore and Overseas—continued

CAL Investments (IoM) Limited
16 St Georges St Douglas IoM. 0624 25031
CAL Cm&C 95.3 100.9 .... 4.47
CAL Metal 94.1 99.1 .... —
Dealing days every Monday.

CAL Investments (Bermuda) Limited
PO Box 1022, Hamilton, Bermuda
CAL CTR Fund Ltd.
Dealing days every Monday.

Fidelity International
9 Bond St, St. Helier, Jersey, C.I. 0534 71696. Dealers† 35301
AmValsCumPfS3 100.73 .... 3.00
Am Vals Com $27.23 .... —
Prices at Feb 28.

Perpetual U.T. Managers (Jersey) Ltd
PO Box 459, St Helier, Jersey. 0534 74517
OffshrGwth $0.999 1.063 .... 2.00
Rothschild Asset Management (C.I.)
St Julian's Ct, St Peter Pt, Guernsey. 0481 26741

OC International Reserves Ltd
Bel Frs BFr826.90 +0.310 14.10
Canadian $ C$35.625 +0.005 7.14
D-Mark DM49.98 +0.005 4.02

Dutch Guilder F149.48 +0.005 3.39
French Frs FFr130.605 +1.285 [illegible]
Italian Lire L34,827 +41 44.05
Japanese Yen Y8132.86 +55 5.80
Singapore $ S$51.935 +0.010 7.07
£ Sterling £13.810 +0.003 10.12
Swiss Francs SFr45.213 +0.003 2.60
U.S. $ $28.365 +0.005 8.18
Daily dealings.
For other Rothschild Offshore Funds see Offshore and Overseas section.

Schroder Mngt Services (Jersey) Ltd
PO Box 195, St Helier, Jersey. 0534 27561
Schroder Money Funds Ltd.
Sterling £13.4780 .... —
U.S. Dollar US$25.3003 .... —
Deutschmark DM50.3302 .... —
Swiss Franc SFr50.0920 .... —

Tyndall-Guardian Management Ltd
PO Box 1256, Hamilton, Bermuda.
T-G Am $21.79 .... —
T-G Money $20.60 .... —
T-G E'bond $15.56 .... —
T-G Com $22.59 .... —
T-G Mort C$18.82 .... —
T-G O'seas $16.84 .... —
T-G Pacific Y1,685 .... —
T-G Wall St $22.86 .... —

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WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on March 21 1983. In some cases rate is *nominal. Market rates are the* average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviation: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (nc) non-commercial *rate; (nom) nominal; (o) official rate;* (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	*Afghani*	99.00
Albania	Lek	9.91
Algeria	Dinar	(A) 6.88
Andorra	French Franc	10.645
	Spanish Peseta	200
Angola	Kwanza	(CM) 48.684
Antigua (5)	E. Caribbean $	3.996
Argentina	Ar. Peso	96,363
Australia (5)	Australian $	1.6970
Austria	Schilling	25.25
Azores	Portugu'se Escudo	141
Bahamas	Ba. Dollar	1.4705
Bahrain	Dinar	0.558
Balearic Isles	Spa. Peseta	200
Bangladesh	Taka	35.45
Barbados	Barbados $	2.94
Belgium	B. Franc	(cm) 69.95
		(fn) 72.95
Belize	B $	2.94
Benin	C.F.A. Franc	532.25
Bermuda	Bda $	1.4705
Bhutan	Indian Rupee	14.7
Bolivia	Bolivian Peso	(cm) 64.68
		(F)(A)291.06
Botswana	Pula	1.5805
Brazil	Cruzeiro ††	595.17
Brit. Virgin Isles	U.S. $	1.4705
Brunei	Brunei $	3.085
Bulgaria	Lev	1.4850
Burma	Kyat	11.4388
Burundi	Burundi Franc	135.815
Cameroon Republic	C.F.A. Franc	532.25
Canada	Canadian $	1.8005
Canary Islands	Spanish Peseta	200
Cape Verde Isle	Cape V. Escudo	92.71
Cayman Islands	Cay. Is. $	1.225
Cent. Afr. Republic	C.F.A. Franc	532.25
Chad	*C.F.A. Franc*	532.25
Chile	C. Peso	105.98
China	Renminbi Yuan	2.9418
Colombia	C. Peso	(F) 107.42
Comoro Islands	C.F.A. Franc	532.25
Congo (Brazzaville)	C.F.A. Franc	532.25
Costa Rica	Colon	(O) 29.4
		(F) 58.8
Cuba	Cuban Peso	1.262
Cyprus	Cyprus £	0.76
Czechoslovakia	Koruna	(com) 9.50
		n/c 16.54
		(T) 15.76
Denmark	Danish Krone	12.685
Djibouti	Fr.	250 (sg)
Dominica	E. Caribbean $	3.996
Dominican Repub.	Dominican (Peso)	1.4705
Ecuador	Sucre	(O) 61.97
		(F) 124.75
Egypt	Egyptian £	(U) 1.23
Equatorial Guinea	Ekuele	400
Ethiopia	Ethiopian Birr	(P) 3.04
Falkland Islands	Falkland Is £	1.0
Faroe Islands	Danish Krone	12.685
Fiji Islands	Fiji $	1.4606
Finland	Markka	8.045
France	French Franc	10.645
French C'tyin Af	C.F.A. Franc	532.25
French Guiana	Local Franc	10.645
French Pacific Is.	C.F.P. Franc	185 (sg)
Gabon	C.F.A. Franc	532.25
Gambia	Dalasa	4.00
Germany (East)	Ostmark	3.5575
Germany (West)	Deutsch Mark	3.5575
Ghana	Cedi	4.14
Gibraltar	Gibraltar £	1.0
Greece	Drachma	125.535
Greenland	Danish Kroner	12.685
Granada	E. Caribbean $	3.996
Guadaloupe	Local Franc	10.645
Guam	U.S. $	1.4705
Guatemala	Quetzal	1.4705
Guinea Republic	Syli	33.476
Guinea Bissau	Peso	59.669
Guyana	Guyanese $	4.4355
Haiti	Gourd	7.35
Honduras Repub.	Lempira	2.95
Hong Kong	H.K. $	9.8575
Hungary	Forint	60.37
Iceland	I. Krona	N/A
India	Ind. Rupee	14.70
Indonesia	Rupiah	1,034.89
Iran	Rial	126.90 (sg)
Iraq	Iraq Dinar	0.46256
Irish Republic	Irish £	1.1240
Israel	Shekel	57.80
Italy	Lira	2,129
Ivory Coast	C.F.A. Franc	532.25
Jamaica	Jamaica Dollar	(O) 2.621745
		(F) 4.09395
Japan	Yen	354.5
Jordan	Jordan Dinar	0.5265
Kampuchea	Riel	1,764
Kenya	Kenya Shilling	19.12
Kiribati	Australian $	1.6970
Korea (Nth)	Won	1.49 (ii)
Korea (Sth)	Won	1,120.5
Kuwait	*Kuwait Dinar*	*0.4302*
Laos	New Kip	14.8
Lebanon	Lebanese £	6.1494
Lesotho	Maluti	1.5987
Liberia	Liberian $	1.4705
Libya	*Libyan Dinar*	0.4352
Liechtenstein	Swiss Franc	3.06
Luxembourg	Lux Franc	69.95
Macao	Pataca	10.201
Madeira	Portug'se Escudo	141
Malagasy Republic	*MG Franc*	560
Malawi	Kwacha	1.6675
Malaysia	Ringgit	3.35925
Maldive Islands	Rufiyaa	11.1
Mali Republic	Mali Franc	1,064.5
Malta	Maltese £	0.63
Martinique	*Local Franc*	10.645
Mauritania	Ouguiya	79.254
Mauritius	M. Rupee	16.52
Mexico	Mexican Peso	(F) 225.68
		118.925
Miquelon	Local Franc	10.645
Monaco	*French Franc*	10.645
Mongolia	Tugrik	(o) 4.95 (ii)
Montserrat	E. Carribbean	3.996
Morocco	Dirham	9.30 (sg)
Mozambique	Meticas	45.976
Nauru	*Australian Dollar*	1.6970
Nepal	Nepalese Rupee	19.536
Netherlands	Guilder	3.96
Netherland Antilles	Antillian Guilder	2.6313
New Zealand	N.Z. Dollar	2.2575
Nicaragua	Cordoba	14.72
Niger Republic	*C.F.A. Franc*	506.75
Nigeria	Naira	1.072
Norway	Norway Krone	10.675
Oman Sul'ate of	Rial Omani	0.512
Pakistan	Pak Rupee	18.76
Panama	Balsaboa	1.4705
Papua N. Guinea	Kina	1.2250
Paraguay	Guarani	(O1) 185.47
		(O2) 235.52
Peru	Sol	exc(A)1,729.46
Philippines	Philippine Peso	13.88
Pitcairn Islands	£ Sterling	
	New Zealand $	2.2575
Poland	Zloty	129.39
Portugal	Portugu'se Escudo	141
Puerto Rico	U.S. $	1.4705
Qatar	Qatar Ryal	5.39
Reunion Ile de la	French Franc	10.645
Romania	Leu	(Cm) 6.80
		(N/C) 19.02
Rwanda	Rwanda Franc	140.1
St. Christopher	E. Caribbean $	3.996
St. Helena	St. Helena £	1.0
S. Lucia	*E. Caribbean $*	3.996
St. Pierre	Local Franc	10.135
St. Vincent	E. Caribbean $	3.996
Salvador El	Colon	3.68
Samoa American	U.S. $	1.4705
San Marino	Italian Lira	2,129
Sao Tome & Prin.	Dobra	61.364
Saudi Arabia	Ryal	5.062
Senegal	C.F.A. Franc	532.25
Seychelles	S. Rupee	9.83
Sierra Leone	Leone	(Cm) 3.80
		(O) 1.87
Singapore	Singapore $	3.085
Solomon Islands	Solomon Is. $	1.6635
Somali Republic	Somali Shilling	22.3789
South Africa	Rand	1.5987
South West African Territories	S. A. Rand	1.5987
Spain	Peseta	200
Spanish ports in North Africa	Peseta	200
Sri Lanka	S. L. Rupee	33.55
Sudan Republic	Sudan £ (u)	0.9899
Surinam	S. Guilder	2.6313
Swaziland	Lilangeni	1.5987
Sweden	S. Krona	11.08
Switzerland	Swiss Franc	3.06
Syria	Syria £	(A) (T) 10.00
		(CM) 6.23
Taiwan	New Taiwan $	N/A
Tanzania	Tan. Shilling	14.37
Thailand	Baht	33.70
Togo Republic	C.F.A. Franc	532.25
Tonga Islands	Pa'anga	1.6970
Trinidad	Trinidad & Tob. $	3.528
Tunisia	Tunisian Dinar	0.890 (sg)
Turkey	Turkish Lira	293.71
Turks & Caicos	U.S. $	1.4705
Tuvalu	Australian $	1.6970
Uganda	Uganda Shilling	117
		332
United States	U.S. Dollar	1.4705
Uruguay	Uruguay Peso	46.92
Utd. Arab Emirates	U.A.E. Dirham	5.453
U.S.S.R.	Rouble	1.0897
Upper Volta	C.F.A. Franc	532.25
Vanuatu	Vatu	N/A
	Aust. Dollar	1.6970
Vatican	Italian Lira	2,129
Venezuela	Bolivar	(4) 6.32
		(5) 8.83
		(6) 11.55
Vietnam	Dong	(O) 3.2264
		(T) 3.65 (ii)
Virgin Island U.S.	U.S. Dollar	1.4705
Western Samoa	Samoan Tala	(A) 2.26
Yemen (Nth)	Ryal	6.74 (sg)
Yemen (Sth)	S. Yemen Dinar	(A) 0.51104
Yugoslavia	New Y Dinar	112.8816
Zaire Republic	Zaire	8.791
Zambia	Kwacha	1.7710
Zimbabwe	Zimbabwe $	1.43

* That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupee per pound. ** Rate is the transfer market (controlled). †† Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (¶) Based on gross rates against Russian rouble. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (3) Non-essential imports and private sector applicants. (4) Preferential rate for public sector debt and essential imports. (5) Government controlled for non-essential imports. (6) Free rate for luxury imports, remittances of money abroad and foreign travel.

FINANCIAL TIMES SURVEY

Spanish Banking, Finance and Investment

Weaknesses in Spain's financial sector have become increasingly apparent in recent years—a problem highlighted by the state takeover last month of banks in the Rumasa group. Much needs to be done towards restructuring in view of prospective EEC membership

State takes a direct hand

By DAVID WHITE in MADRID

"THE GRACE PERIOD," the daily El Pais observed in its editorial marking the first 100 days of Sr Felipe Gonzalez's Socialist Premiership, "has never had a place in the customs of our public life." It was something of an understatement; changes of government in themselves have hardly become a habit yet in Spain.

None the less the new team has enjoyed a honeymoon for most of the three and a half months it has been in office.

In other places, at other times, it would have been different. Here you have a party coming to power after 45 years in mostly illegal opposition, bringing mostly untested and as often as not bearded young men into top administrative positions, taking unpopular measures on tax and social security payments, challenging the Church establishment over an issue as emotive as abortion and descending out of the blue to expropriate the country's biggest private holding company for alleged irregularities. Yet the banking community—the most powerful force in the private sector — has hardly mounted anything you might call a campaign.

The Socialists' arrival in power after last October's landslide election had positive sides to it even in the eyes of business and the international financial community.

First, coming after the implosion of the centrist UCD — the party that took Spain through the post-Franco transition period — and a tense interregnum full of rumblings about military plots, the new government took office with an outright one-party majority behind it (something the centrists never had) and therefore the clear capacity to govern.

Platform

Secondly, it had come in on a moderate platform aimed more at consolidating democracy than installing Socialism (Sr Gonzalez said as much), with barely a token plan for nationalisation (the high-tension electrical grid), with an independent-minded and undogmatic figure in its top economic post (Sr Miguel Boyer, with both the Finance and Economy portfolios) and with a set of targets that coincided with what the Bank of Spain had in mind anyway. Thirdly, right from its first decision to mark the peseta down by 8 per cent, it showed it wanted to be seen getting down to serious work.

Brewing in the background, however, have been doubts about how well the Government will be able to carry out the task of economic adjustment it has set itself.

Official targets — economic growth edging up from just over one per cent to two; a current account shortfall coming down, with the help of cheaper oil imports, from over \$4bn to below \$3bn; inflation dropping from 14 per cent to 12; the increase in money supply limited to 13 per cent and the budget deficit held at six per cent of Gross Domestic Product—have all become open to challenge.

The major concern has focused on public finances, which the Government will find hard to keep near to target, and inflation. Wage costs, boosted by higher social charges, are already set to exceed inflation targets as a result of the wage pact between employers and unions, which sets a range of increases of between 9.5 and 12.5 per cent with the option of a further price-trigger in the autumn.

Into this not-yet-agitated but unsettled surface of government-business relations was thrown the Rumasa affair, sending out ripples that have not yet finished spreading.

Not that the business community was shocked by the holding group's dramatic end or unduly shocked that the Government should take charge of sorting it out. Sr Jose Ruiz-Mateos, founder of the wine-to-hotels-to-banking empire, was the black sheep of Spanish big business, a fanatical outsider who took on the financial establishment and eventually, fatally, the Government.

Flaws in his concern, renowned for its voracious acquisitions, were common talk and a number of other banks had already decided not to touch Rumasa with a bargepole.

Convincing

Sr Boyer's handling of the situation — which in the first instance he could be accused of having precipitated by scaring the customers of Rumasa's 18 banks — was cool and convincing. He painstakingly traced the friction between the group and the authorities that had been going on for several years before the Socialists' arrival without coming to the surface and argued that nationalisation was the only course, not for ideological reasons but to put the house in order.

But the huge, complex and costly problem the Government has taken on with the measure has brought the issue of state and private roles out into the open. The Prime Minister told Sr Rafael Termes, head of the private banking association, that the Government had no interest in keeping the banks which Rumasa used to finance its expansion. But, as Sr Boyer has since made clear: "If the Government has to make an investment it cannot recover, then there will be very serious economic and political obstacles to a transfer of these funds to the private sector."

The implication is that there will be no rapid handover of Rumasa interests to private ownership and that the probability is that some at least of the banks will stay in state hands. The election programme contained a provision for banks to be taken over by the state if they were already being kept afloat by public funds and the Government now faces pressure from its own Left-wing and from unions to exercise that right.

Private banks, which have had a long and profitable reign, now see looming the shape of a powerful state sector based on this new presence in the bank network, plus the expansion of the state-controlled Banco Exterior, the weight of the official credit institutions and possibly a state role in ailing banks that have failed to find private buyers.

From the Left's point of view there would clearly be arguments for a stronger hand in the banking system, which can be perceived to have failed in two respects—in the deterioration of industry, which the banks were heavily engaged in building up, and the crisis among the banks themselves.

Abroad, the events that have had most impact are the debt crises at Union Explosivos Rio Tinto (ERT), the leading private chemical group, and at Aluminio Espanol, the main aluminium complex, in which the state INI group is the principal shareholder. Both broke last autumn and are still unresolved. But for Spanish banks they are only part of a longer process of decay that has undermined dozens of institutions over the last five years and touched even a prestige international bank such as Banco Urquijo, ranking ninth in the country.

The crisis in industry has inevitably hit the banks that had invested heavily in it. They have frequently lacked sufficient resources or sufficient expertise in management to face up to the problems.

Following the collapse last year of the Barcelona-based Banca Catalana, the Rumasa affair—detonated by the Government before it blew up of itself—is optimistically described by Sr Boyer as "the last big bank crisis" — or cynically by Sr Termes in the words: "There is nothing left to fall."

The Big Seven banks have been spared and have increased their weight by absorbing failed banks. But their profits are being squeezed by heavy appropriations for bad and doubtful debts, by a slack credit demand and by the increasing cost of customer funds.

In addition they complain at the authorities' decision, as part of the December devaluation package, to raise the volume of deposits they have to keep at zero interest at the Bank of Spain.

Rigidity

This deposit requirement, considered abnormally high by international standards at 6.75 per cent, forms part of the rigidity of Spain's banking arrangements, in which a large proportion of banks' resources is blocked in low-income state-directed investments. The present Government, rather than cutting the level of these investment quotas, now at 21 per cent of total deposits, is inclined to adapt them so as to channel more funds into the export drive and to waive them in certain cases to promote risk investment. Its first gesture in this direction was a Government-approved deal enabling the third-ranking Banco Hispano-Americano, to take over the troubled Banco Urquijo.

Foreign banks that have come in since 1979 under liberalised rules have also found their profit outlook clouding over. The Government's recent decision to increase the required minimum capital, which had stayed at its original level, by 167 per cent to Pta 2bn (\$15m) is likely to discourage further additions to the 32 banks that have arrived so far. This reflects a broad consensus that there is as much competition as is desirable.

The foreign contingent has played its role in helping to modernise Spanish banking and broaden its range. But what the Rumasa affair showed up dramatically was the kind of anomaly, by European standards, that can continue to exist. By a curious coincidence the country's biggest bank, Banesto, has just agreed to pay for its first ever full independent audit.

As in many other sectors of the economy, the prospect of EEC membership demands a considerable process of adaptation. Last crisis or no, restructuring in Spanish banking is still an unfinished business.

SPAIN'S TOP BANKS

	Deposits end-1982 (Ptas bn)	Assets† end-1982 (Ptas bn)	Net profit 1982 (Ptas m)
Banesto*	1,468	1,783	n/a
Central	1,459	1,939	12.3
Hispano-Americano	1,164	1,747	9.9
Bilbao	1,006	1,551	8.8
Vizcaya	788	1,138	7.9
Santander	738	1,002	9.1
Popular	517	692	5.8
Exterior	439	1,005	3.3
Pastor	209	291	n/a
Urquijo	205	442	n/a
Atlantico	189	237	n/a

* Banesto: Banco Español de Crédito.
† Contra accounts deducted.
Sources: Consejo Superior Bancario and bank figures.

CONTENTS

David White logs the mounting toll of bank failures over the past five years

Rumasa affair the climax to long saga

"THE Bank of Spain," this newspaper reported a little more than five years ago, "has been obliged to come to the rescue of one of the country's smaller banks, Banco de Navarra . . ."

That crisis is now pretty much forgotten and the bank itself has disappeared but it was the start of a saga that has made bank collapses an everyday and almost banal part of the Spanish scene, continuing into this year and the early months of Socialist administration.

In the intervening period the number of banks to have foundered—in a few cases sinking beyond reprieve but in the others taken aboard by other banks—has reached 29 (see the accompanying list). This was even before the Government's dramatic move to take over the whole of the Rumasa group in February. Depending on how you count, this is either bank crisis No. 30 or Nos. 30 to 47.

The same names have even begun to surface for a second time. Banco Industrial del Mediterraneo, a recently created Barcelon-based investment bank with three dozen branches, was rescued and picked up by Banca Catalana in 1979, only to find itself now back in the hands of the Deposit Guarantee Fund alongside its adoptive parent. Twice in less than three years it has gone through the same treatment of having its capital written down and then boosted to get it back into shape.

The Deposit Guarantee Fund was set up as the crises began with the aim of protecting the small depositor. But it became evident that the less expensive solution was to bail out the banks rather than the depositors and the Fund has evolved as the main instrument of intervention and rescue.

Through this, the banking system—the Bank of Spain in conjunction with all the private and foreign banks—has been able to absorb the impact of the problematical smaller banks as they fell.

But since last autumn the series has culminated in problems of a different dimension. The crisis has claimed three big names—Banca Catalana, Banco Urquijo and finally the Rumasa Group—in what senior bankers say are probably the last in the series of individual downfalls. Each in turn has been the mightiest to date, prompting the authorities to move from traditional rescue procedures to a pre-emptive arranged takeover and then to pre-emptive nationalisation.

While the origins of these upsets can still be traced back to the same basic source—the fragility of Spanish industry and the deterioration of potentially sound assets—they constitute three very different cases.

Sr Jose Maria Ruiz-Mateos, head of the troubled Rumasa business empire

Sr Miguel Boyer, Minister for Finance and Economics (right foreground), arriving with other Ministers at the Moncloa Palace to give details to the media on the nationalisation of 18 banks in the Rumasa group, Spain's biggest holding company

Banco Catalana's problems erupted just before the October elections, although they had been common knowledge for months. At the time the bank and its subsidiary industrial and commercial banks were taken over by the Deposit Guarantee Fund its losses and doubtful debts were estimated at Ptas 138bn.

Aspirations

Forming with its industrial banking offshoots the largest Catalonia-based financial group, its history has been bound up with the aspirations of Sr Jordi Pujol—co-founder of the bank and now head of the region's autonomous government — to strengthen Barcelona as a decision-making centre. The impact of industrial recession on the group's companies is considered to have been compounded by "political" investment choices, resulting in an accumulation of non-performing assets.

The overtly regionalist nature of the bank has made the problem of its future even more delicate. The Fund, which has been carrying out a financial restructuring, has disconnected the one bank it controlled outside Catalonia, Banco de Alicante, selling it to Banco Exterior, and has been negotiating a separate takeover by local commercial interests of Banco de Gerona. But attempts to find a "Catalan solution" for Banca Catalana itself (which in the meantime is being promoted in a fresh advertising campaign) have proved more problematical.

Catalana's collapse not only placed a heavy burden on the Fund but also showed up the rather obvious fact that big banks fall less gently than the smaller. The loss of deposits at the main group of Catalana banks as the crisis broke last year was the equivalent of some $800m.

Banco Urquijo's problems, which became acute in the second half of last year, prompted the authorities to back "preventive medicine" rather than wait until the patient needed shipping to the hospital. Urquijo was the country's top independent industrial bank, with a strong international profile and a highly reputed management team.

In order to stop Urquijo's name being tarred with the same brush as the "ailing" banks, the No 3 bank, Banco Hispano-Americano, with which it had close ties, was persuaded to take it over with Bank of Spain backing, bidding for its shares on the stock market.

Urquijo was still making operating profits but had run into serious trouble with some of its industrial and property holdings and loans—including its exposure at the Union Explosivos Rio Tinto (ERT), the chemical conglomerate which stopped repaying debts last autumn. This was compounded by foreign risks. The bank had spent heavily on developing its international operations. "It was behaving like Morgan Guaranty," commented a rival banker, "without having Morgan's deposits."

The rescue pact, after the takeover by Hispano-Americano (which already had an eighth of the capital), involves injection of funds through a capital increase and the purchase of fixed assets by Hispano-Americano, plus the release of other funds through the lifting of all Urquijo's fixed obligations and half of Hispano-Americano's own obligations in low-income state-directed investment.

Those on the Left who grumbled about the generosity of this treatment on the part of the authorities, in a private "marriage between cousins," got their pound of flesh the next month with the Cabinet's decision on February 23 to expropriate outright all the Spanish holdings — including 18 banks — of Rumasa.

Rumasa, the wine-to-hotel empire built up in barely 20 years by Sr Jose Maria Ruiz-Mateos, a total outsider to the financial establishment, was a case apart. A commercial empire with banking subsidiaries used to fund the other parts of the business, it fitted nowhere in the banking structure Spain set up in the 1960s for "industrial" and "commercial" banks on the French model.

Running battle

The final crisis was precipitated by an off-the-cuff remark by Sr Miguel Boyer, the Economy and Finance Minister, threatening to send in Bank of Spain inspectors if Rumasa broke off with its auditors. In fact inspectors had already been investigating Rumasa banks for months and, as Sr Boyer later revealed, Rumasa had been in a running battle with the Bank of Spain and with tax officials for five years and more.

The authorities—and the banking community—had grown increasingly uneasy about the situation of the banks, with their large concentration of assets in companies belonging to the group and the more-than-competitive terms offered to attract depositors.

Sr Boyer's threat sparked off the first withdrawals and forced a rapid swoop to forestall a panic and its inevitable consequence—suspension of payments—which would have rocked the whole Spanish economy.

The Minister, who went on to accuse Rumasa of breaking pledges on new bank investments, obstructing officials, appropriating unpaid tax into reserves, overvaluing assets by five or even ten times in its banks' accounts and running an undeclared "parallel" network of companies, claimed the Government had weighed all possible alternatives before making its drastic, and unprecedented, move.

Certainly the Fund could not have taken the burden of Rumasa—where bank deposits totalled the equivalent of some $4.7bn before the crisis broke—without calling on more resources from the banking system.

According to Sr Boyer, all the Rumasa banks except Banco Atlantico—the biggest and most independent—were running at a loss.

The private banks have made it clear they expect to see the banks returned to the private sector. The Government has promised to disengage from them on the condition—and for some of the banks at least, there lies the rub—that it gets back what it puts in. It is quite possible that some will stay in the state orbit. After five years of crises the one option that has been eschewed all along—nationalisation—has finally arrived through a side-door.

THE WAVE OF CRISES

Year	Bank	Eventual buyer
1978	Banco de Navarra	—
	Banco Cantabrico	Exterior
	Banco Meridional	Vizcaya
	Banco de Valladolid	Barclays (UK)
	Banco Industrial del Mediterráneo	Banca Catalana
1979	Banco de Granada	Central
	(Banco de Credito Comercial)	Vizcaya
1980	Banco Lopez Quesada	BNP (France)
	Cadesbank	Banesto
	Banco Catalan de Desarrollo	Banesto
	Banco de Madrid	Banesto
	Banco de Asturias	Banca March
1981	Banco de Promocion de Negocios	Bilbao
	Banco Occidental	Vizcaya
	(Banco Comercial Occidental)	Vizcaya
	Banco del Pais	—
	Banco de Descuento	?
	Banco de los Pirineos	—
1982	Bankunion	Hispano-Americano
	(Banco de Préstamo y Ahorro)	Vizcaya
	Banca Mas Sarda	Bilbao
	Banco de Levante	?
	Banca Catalana	?
	(Banco Industrial de Cataluña)	?
	(Banco Industrial del Mediterráneo)	?
	(Banco de Barcelona)	?
	(Banco de Gerona)	?
	(Banco de Alicante)	Exterior
	(Banco de Crédito y Inversiones)	?
1983	Banco Urquijo	Hispano-Americano
	18 Rumasa banks	Nationalised

Note: Names in brackets belong to group of preceding banks.

How the Deposit Guarantee Fund has evolved from its original role

Main instrument in rescue work

IT HAS owned dozens of banks and managed to sell most of them, in better shape than when they were wheeled in, to new owners. Having developed its range of activity, it has just recently branched out into a new kind of subcontracting—in the administration of the 18 banks which the Government expropriated last month from the Rumasa group.

It is popularly known as the intensive care unit for banks but that is a euphemism. The Deposit Guarantee Fund is more like a wreck salvage firm.

In the past few years this semi-state institution has developed not only a regular activity—five or six cases a year—but also a major role in preserving public confidence in a banking system that continues to be accident-prone.

With the increase in the size of the banks that have recently been brought to the Fund—and therefore potentially exposed to a damaging run on deposits—its managers have had to look to improved ways of dealing with the succession of crises.

The Fund was set up in 1977 to fulfil the job that is self-evident from its name—ie, to protect the ordinary client's account. In fact there are three deposit guarantee funds—for banks, for savings banks and for co-operative credit bodies. With the devaluation of the peseta and the lengthening list of bank collapses, the basic guarantee to the small depositor has in the interim been tripled to Ptas 1.5m (£7,500) per customer.

Originally the Fund itself had no powers to take over the management of banks. This role was given to the specially created Corporacion Bancaria, the first "bank hospital." But since its own competence was reinforced three years ago the Fund has moved into this function, with the right to take over the administration of banks, buy and sell assets and to order audits in any of the banks and their subsidiaries participating in the guarantee system.

Resources

The Fund draws half its standing resources from the registered private banks, each of which contributes the equivalent of 0.1 per cent of its total deposits. The other half comes from the Bank of Spain, which matches this total. In addition it has a facility for receiving advances from the Bank of Spain for up to four times this total—but without, in the medium-term, altering the principle that the cost burden of cushioning bank failures is split half-way between banks and the authorities.

To cope with possible extra burdens a provision has been agreed for a doubling of the basic resources—ie, 0.2 per cent of deposits. The banks, already complaining about the proportion of their funds that is unprofitably immobilised under Spanish regulations, seem little inclined to raise their contributions to the Fund.

But even if they did it is clear that the system has its limits, by definition being unable to bear the weight of more than a small fraction of the banking system.

The collapse of Banca Catalana last autumn provided the Fund with its biggest single task to date. Along with this group, including its Gerona subsidiary, for which a separate solution was being sought, it had on its hands at the beginning of this year three other problem banks: Banco de Alicante, Banco de Descuento and Banco de Levante, all in need of new owners.

Last year it successfully arranged new homes among the "Big Seven" groups for three banks: Bankunion, the second independent "industrial" bank, at Banco Hispano-Americano; Banco Mas Sarda at Banco de Bilbao; Banco de Prestamo y Ahorro at Banco de Vizcaya. In face of the growing scale of the collapses it embarked on a new formula, seeking to share with the prospective new owners the cost of restoring the damage.

An auction system for banks controlled by the Fund—already used in 1981, for instance, when Banco Lopez Quesada went to France's BNP—has now become standard practice, based on negotiations between the Fund and would-be buyers.

The work of the Fund in getting banks back into roadworthy shape falls into three categories — the strengthening of their capital structure, the provision of medium- or long-term loans, or the purchase from them of assets, including property. These assets administered by the Fund are either liquidated or resold at a later date.

However, the man in charge of this sphere of the Bank of Spain's activities, Sr Aristobulo de Juan, believes that a new model may have been established with the treatment of Banco Urquijo after the serious problems that emerged in its portfolio in the second half of last year. For the first time since the Fund was set up its mechanisms were bypassed, with the Bank of Spain agreeing to liberate funds to enable Banco Hispano-Americano to carry out its own takeover and rescue operation.

Such a model would involve "transitory aid for transitory problems" without recourse to the Fund. The Fund, an overcrowded hospital which bears an inevitable stigma for those who stay there any length of time, is the place for "definitive aid for fundamental problems."

D.W.

Mergers are seen as inevitable if the system is to be strengthened

Too many banks and branches

IT IS hard to find a petrol station in Spanish towns—but certainly not a bank. In the main centres there is one on every street corner, if not several, and the main streets in Madrid are walled with bank headquarters.

Spain is reckoned to have more bank branches per head of population than anywhere else in Europe except Belgium. In 1981, there was one for every 2,641 inhabitants with the Catalonian town of Gerona holding the record, one for every 1,275.

The collective total for the numerous private banks is now about 15,000 and has been increasing at a rate of three new branches a day. Add the savings banks, the postal bank and co-operative credit organisations and the total is over 29,000. The same multitudinous phenomenon is repeated abroad, where Spanish banks keep up more than 130 branches and 200 representative offices.

Answer

The answer to this puzzling situation lies in Spain's economic boom of the 1960s and early 1970s. At a time when financial markets were undeveloped lending was short-term and the banks had to collect every customer's deposit they could.

This competitive presence on the ground—evidence of how retail banking has prospered—now provides one of the major difficulties in completing what many see as an inexorable process of mergers and takeovers. The arguments for marriage among the top group of Spanish banks—a prospect that has been mooted for 20 years or so but always frustrated—have become stronger as write-offs for bad debts have mounted and as operating profit margins have begun to be squeezed.

The problem is that the major banks have largely overlapping networks, spending heavily on installing electronic equipment. Rationalisation of branch networks in the event of a major link-up would prove both costly and difficult in terms of staff reductions. This is especially so in view of the Socialist administration's commitments on employment.

The extensive concentration that has already taken place is hidden behind a confusing array of bank names. The number of independent banks has in fact been declining. The so-called Big Seven—Banesto, Central, Hispano-Americano, Popular and the three banks of regional origin, Bilbao, Vizcaya and Santander—control a group of about 40 other banks. These continue to operate under their own names as "second brands," acting as additional irons in the fire.

These main groups increased their joint deposits by about 20 per cent last year, above the average. They now hold about 80 per cent of the total.

The Big Seven themselves have led in the expansion of branch networks. Banesto alone has about as many as there were banks in Spain in 1950.

This process of change, in which the big banks, advantaged by their nationwide coverage and solid names, have swallowed up the business of smaller banks, is still going on. Yet although concentration has increased, Spain still has no bank that would be described as big by major Western standards.

The case for further concentration among the main banks themselves — which would, for instance, reduce the number of Spanish banks active on the international financial markets to a small nucleus — has its backers among the Big Seven. One of them is Sr Alfonso Escamez, chairman of Banco Central, who has made public his belief that Spain would be better off with four main banks of international dimensions rather than the seven.

There have been strong rumours about possible merger permutations under active discussion. This is not the first time: a merger between Central and Hispano-Americano was on the cards as long ago as 1965.

Concentration

In the separate category of industrial banks such a concentration has already taken place. Bankunion and Banco Urquijo, the number two and number one independent bank respectively in the field, have both now been absorbed by Hispano-Americano after running into problems and are due to be merged as a new offshoot of the larger group. Among the Big Seven, which are involved in varying degrees in industrial holdings, with Popular being the only one that could be described as a purely commercial bank, Hispano-Americano is now one of the most industrially-orientated, with holdings in more than 200 companies.

Any possibility of link-ups among the other top banks appears less imminent than that of new takeovers involving the so-called medium banks. These in fact account for only a small part of the banking system.

Medium banks—some of which have an active transatlantic presence—currently operate a loose co-operation agreement in syndicated loans and other areas, forming a second category of banks, known as "the Gang of Five," after the Big Seven. Its members—Banco Postor, which has grown apace from its base in Galicia, Banco Herrero, based in Asturias, Banco Zaragozano, Banco de Sabadell and the March Group—are a mixed bag as regards their degree of family control or local concentration. Rather than linking up formally, they opted for a joint front to protect their image in the face of a long-running banking crisis and project a reputation of being serious, profitable and secure.

However, three of them—Pastor, Herrero and Zaragozano—are all now considered ripe for takeover and the stock market has been rife with rumours about approaches by Big Seven banks.

The other two—Majorca-based Banca March with its related banks and Catalonia-based Banco de Sabadell—are considered to be in a much stronger position to continue independently. The 100-year-old Banco de Sabadell, which has more than 20,000 shareholders and does most of its business outside its depressed home town, is often cited as an object lesson in successful bank management.

Despite the competition and the narrowing of margins, a number of smaller banks have shown above-average profits. In a recent report on future guidelines for Spanish banks, the McKinsey consulting firm argued that economy of scale was not necessarily what counted and that local banks could capitalise on better knowledge of their terrain. But in order to survive they needed to specialise—in specific areas, in industries of a specific size or kind or in specific banking products.

David White

Enthusiasm of foreign banks has dwindled with the decline in profits

Foreign contingent feels the pinch

IT IS now four years since the fortress of Spanish banking let down its drawbridge to the outside world and reluctantly admitted a fresh foreign contingent. That period has been one of considerable developments — in the money markets, which have evolved from a state of near non-existence and alarming interest-rate peaks, and in the sophistication of banking services.

It is generally accepted that the foreign presence has contributed a good deal to energising the banking sector, in particular by bringing in important innovations in the range of borrowing instruments.

But at the same time the change of policy has unsettled Spain's own banking community, bringing competition for the big national banks, with the consequence that these have in turn stepped up their competition with the smaller banks.

European, U.S., Latin American and Japanese banks queued to get into a market reputed as one of the most profitable on the Continent. But since last year profit growth has subsided, for both domestic and foreign banks.

In 1981 the newly-admitted batch of foreign banks more than doubled its combined profits in Spain. Last year's trend, however, as for most Spanish banks, was modest by comparison.

Until 1979 Spain had gone for 38 years without a foreign bank setting up more than a representative office. Until then there were just four with established branches—Credit Lyonnais, which came to Spain in the 1870s, Bank of London and South America, (part of Lloyds Bank), France's Societe Generale and, arriving during World War II, Italy's Banca Nazionale del Lavoro.

Climbed

Since the liberalisation the number of banks with branches or about to open them has climbed to 36, one in four banks in Spain is foreign. Out of every Ptas 1,000 lent, foreign banks' share has risen from Ptas 7 in 1978 to Ptas 65.

Fairly narrow limits remain in force for their activities, however, including a general rule restricting them to a maximum of three branches each.

The exceptions—apart from the original four foreign banks—are those which have bought up local retail banks. This has only been possible through taking charge of problem banks from the Deposit Guarantee Fund. To date Barclays has taken over Banco de Valladolid in this way and Banque Nationale de Paris, the leading state-owned French bank, has annexed Banco Lopez Quesada. Both these operations, concluded in 1981, have involved considerable mopping-up expenses at the subsidiary banks but have enabled the purchasers to enter the High Street retail banking market.

After fierce resistance by Spanish banks to the second takeover, there has been none since. Bank of America was invited to take part on a tender for Banco de Alicante, one of the more recent banks to fall into the hands of the fund, but the terms of its offer were turned down.

While the Socialist Government in anxious to display its openness to foreign investment, no further effort is being made to woo international banks. One, Wells Fargo, recently withdrew its application to establish a branch after the minimum capital requirement was doubled to Pta 1.5bn. Four others that had been waiting in line for periods varying from weeks to years—Credit Commercial de France, First Interstate, Sumitomo and Banca Commerziale Italiana—have been admitted on this basis, as the first to be given approval since the change of government. At the same time the future capital requirement has been pushed up to Pta 2bn.

The authorities can argue that the new capital rule is merely a matter of monetary correction, compensating for inflation and the progressive devaluation of the peseta.

It is true that the investment required was already high when the entry rules were first drawn up but banks are now likely to perceive the exchange risk involved as unjustifiably onerous.

This is partly because in many cases they have less money to spend and partly because they see less to gain from branches in Spain. First National Bank of Boston, which had never sought permission for a full branch, is closing down its Madrid office this year. Banks that are already implanted question the wisdom of further proliferation as much as their Spanish colleagues.

Apart from niches which U.S. banks have created in financing for the Spanish public sector and big-borrowing utilities, the most obvious slot for foreign banks is business from multi-national companies. This is an important source of profit but there is only so much cake to go around.

Instruments

Meanwhile Spanish banks, after in the initial stage opposing new instruments put forward by the foreign banks, have ended up appropriating much of the business.

Foreign banks can claim the initiative for:

- Commercial paper known as pagares de empresa, backed up by a subsidiary line of credit, and placed through the Madrid and Barcelona stock exchanges. Pioneered by Midland Bank, they have opened a popular alternative source of one-year funding at fixed rates below market conditions.
- The so-called letras, akin to banker's acceptances. Parentage is claimed by Morgan Guaranty, Deutsche Bank and Barclays. Their great success has been set back by tax fears, with brokers being required to keep a list of purchasers.
- Floating-rate peseta loans. These are a technology transfer from the Euromarkets and have been in existence for less than three years. Geared to "Mibor" (the Madrid equivalent of Libor) or to a "preferential" interest base, they have been growing in number, average size, length of maturities.

Last year syndicated peseta credits almost tripled to a total of Ptas 250bn but Spanish banks have taken the lead in this sector and their foreign competitors are forced to look for other and more sophisticated forms of business.

D.W.

The authorities plan extensive reforms for the savings banks, a group of varied origins spread across the country. The process will be gradual, however, as Jane Monaghan explains below

Savings banks systems to be stronger

OF ALL the banks in Spain it is the savings banks that the Socialists have singled out for sweeping reforms. However, because the two basic aims of the Socialists' programme are to strengthen the regional direction of the savings banks' investments and to change the structure of these banks' management boards the programme is bound to run up against formidable obstacles. The authorities have therefore decided to introduce the reforms gradually and on a piecemeal basis. For instance, the Socialists will admit exceptions when the arguments against a particular change are strong.

This moderation reflects in the first instance the motley collection of savings banks the Socialists have inherited. Today they fall into two separate categories.

The first group—the ordinary savings banks — were initially founded by the Church over two centuries ago as non-profit-making institutions. They are still obliged to dedicate part of their reserves to social welfare projects (for example, libraries, old people's homes, research, culture and health). They number 81, accounting for 28 per cent of the banking sector's total deposits.

This group includes 10 to 14 led by the Barcelona-based Caja de *Pensiones para la Vejez y* de Ahorros (Caixa), which ranks with the big seven commercial banks in terms of deposits. Next is a multitude of smaller savings banks clustered in Spain's main towns, four of which are still run by the Church and 26 by the municipalities.

The Madrid headquarters of the Bank of Spain—the central authority which will be responsible for monitoring the proposed changes in the savings bank sector

Exception

This group contains, however, one important exception. This is the Caja Postal (Post Office savings bank). It has 246 branches of its own but because it comes under the control of the Ministry of Transport and Communications it also has access to 1,382 more offices. Thus the Caja Postal has an office in every town where there is a postman and more outlets than any other bank in Spain. For this reason the Socialists are planning to use it, along with official credit banks like the Banco Hipotecario, for the allocation of public debt issues and mortgage bonds. Hitherto these allocations have been handled by the commercial banks, not by the state.

Meanwhile the second category of savings banks, which were launched by the corporativist unions under Franco at the same time as the social security system, consists of about 150 banks, the vast majority of which provide credits to agricultural co-operatives. Last December deposits of these agricultural savings banks were valued at Ptas 500bn, around 4 per cent of the banking sector's total.

The common denominators of all these banks are that none of them has shareholders. They all have a strong regional identity, have traditionally specialised in providing medium-term credit and since the liberalisation measures of 1977 have been allowed to operate on the same footing as commercial banks.

However, not all have been able to take advantage of all the liberalisation measures. Only the big savings banks, like the Caixa, with deposits of over Ptas 50bn, have been able to acquire minority stakes in commercial banks and open branches in towns outside the regions where they are based. These large savings banks are now moving more and more into wholesale bank operations, such as foreign exchange dealings and bill discounting. This has eroded their identity as non-profit making institutions.

Elections

A second important *difference among* the savings banks is that while a majority of the management boards of the ordinary savings banks were renewed in elections in 1977 there have never ever been elections for the management boards of the agricultural savings banks. These last continue to be dominated by local vested interests and by people sympathetic to the former regime.

But if the wide variety of savings banks makes it difficult, if not impossible, to apply any change in a uniform way, an*other obstacle, especially in* attempts to strengthen the regional direction of the savings banks' investments, continues to be the obligatory system of state-directed credits. Under this system all the savings banks are obliged to invest a substantial portion of their deposits in fixed interest securities (e.g., utility bonds) and a slightly smaller portion of their deposits in credits at privileged rates for specified companies and projects (the state holding company, Ini, or subsidised housing schemes).

The agricultural savings banks contribute about 30 per cent of their deposits to this system, roughly the same as the commercial banks. The ordinary savings banks, however, have always contributed far *more, roughly double what* the commercial banks contribute, and three times as much as the industrial banks. None-the-less, even during the sixties and early seventies, when Spain enjoyed high economic growth rates and when inflation was low, these investments were never distributed equitably.

The principal recipients, both during the economic boom and since the crisis, have always been Spain's most advanced and industrialised regions in the north—the Basque country in the north-west and Catalonia in the north-east. In contrast, in the more depressed regions — Andalucia, Extremadura, the Canary Islands, Galicia and *Asturias — the system has* contributed to a process of decapitalisation, by channelling the modest savings of these poorer regions into other areas. For instance, in Andalucia last year roughly 55 per cent of the savings banks' obligatory deposits was invested in the north. In Asturias in 1978 only 0.05 per cent of the savings banks' obligatory investments stayed in the region.

To add to the problem the imbalance also exists for those investments of the savings banks that are free. In theory *75 per cent of them are meant* to be disbursed in the regions where the banks are based. This requirement is rarely fulfilled, however. Part of the problem is the absence of regional plans, but another factor is the proliferation of small family-type companies, whose demands for credit *the banks are reluctant* to meet.

In the last analysis the regional imbalance in Spain may only be checked by substantial state investments and by the creation of solvent projects in which the savings banks may participate. Two possibilities are the recently created societies for industrial development, in which the state holding company, Ini, has a *majority stake.*

TOP TEN SAVINGS BANKS

	Deposits (Ptas bn Nov. 1982)	Per cent increase on year
La Caixa	712.5	24
Caja Madrid ...	445.3	23
Caja Barcelona	277.5	20
Caja Postal	268.4	17
Caja Zaragoza...	227.1	17
Caja Valencia...	223.0	19
Caja Cataluna...	191.0	17
Caja Bilbao ...	160.0	21
Caja Alicante...	158.8	21
Caja Galicia ...	158.8	23

Source: Savings Bank *Confederation*

Inter-bank lending under scrutiny

SPAIN'S economic crisis has increased the pressure on the savings banks by narrowing the margins between the interest paid on savings accounts and the income derived from fixed-interest medium-term credit. Secondly, liberalisation has resulted in increased competition from the commercial banks. The latter trebled their branch network in the last decade to 15,200, establishing branches in most of Spain's market towns. Typically these are the places where the savings banks are based.

Compensating for this, however, the liberalisation measures which have allowed the savings banks to operate like private banks and gradually reduce the contributions to the obligatory system of credits gave the savings banks a measure of freedom they had never before experienced. Indeed between August 1978, when the reductions first came into effect, and December 1982 the amount of money the savings banks had to set aside for fixed securities and obligatory deposits went down from just under 60 per cent of their deposits to just under 40 per cent.

At the same time in the last decade the savings banks have increased the number of their branches to 9,400. They have managed to retain their clients (*in 1978 the ordinary savings* banks had 32m depositors) and last year increased their share of the market, doing better than the commercial banks. The explanation for this, at a time of rising inflation, is that Spaniards are becoming wary of the private banks, after so many publicised crises. Confidence in the savings banks is meanwhile growing.

None the less, the increase in the savings banks' funds that has resulted from these developments has generally not been invested in the regions where the banks are based. Nor, at a time of recession, has it been invested in the more developed regions of the north. Instead Spain's savings banks have become the principal lenders on the highly volatile inter-bank market where interest rates can go as high as 40 per cent and terms are of two or three days.

For the smaller agricultural savings banks, which invested Pts 40bn in the inter-bank market in 1981, recourse to this market has a structural reason: the limited time between harvesting, when these banks obtain most of their deposits, and the massive demands for credits by farmers when crops are sown in early spring.

Borrowers

In a separate development foreign banks began to depend on the inter-bank market as their principal source of funds and became the market's principal borrowers. Indeed a marriage of convenience was struck between the two types of banks. Thus, in 1977, when liberalisation had not yet reached the savings banks, these banks invested just Pts 0.5bn in the inter-bank market; in December last they invested Pts 175bn. Small and regional-based banks, including the agricultural savings banks, invested a further Pts 71bn. In combination these investments covered almost all the money borrowed by the foreign banks on the inter-bank market that month, or Pts 251bn.

In these circumstances the Socialists' plans to limit the participation of the savings banks in the inter-bank market and to slow down the reduction of the *obligatory* investments are viewed as a threat both for the future of foreign banking operations and for the viability of the savings banks. As far as the foreign banks are concerned the problem may be by-passed.

The authorities are going to consider moves to limit the participation of the savings banks on the inter-bank market in conjunction with the possibility of allowing foreign banks to open more branches. At the moment the number of branches a foreign bank may have in Spain is strictly limited.

This is bound to raise questions as to viability of the ordinary savings banks, especially as the Socialist programme suggests that the money now spent by these banks in the inter-bank market may in future be spent underwriting the obligations of the local authorities.

Tighter management struture

ALONGSIDE the stronger regional direction to investment now being sought, the second major reform planned by the Socialist government for the savings banks is a change in the structure of their management boards. In the past the structure of these boards has been criticised chiefly because of the connections, direct or indirect, between them and companies that receive the savings banks' credits.

One example was the case of Domingo Solis (who is now awaiting trial on charges of fraud). For almost 40 years, until September last year, Domingo Solis was at the same time the president of the agricultural savings bank of Jaen in the south-east, president of this province's principal agricultural co-operative, Uteco, and in recent years was also president of the agricultural savings banks' umbrella organisation, the Caja Rural Nacional, whose functions have never been clearly defined.

Abuses

This type of abuse has tended to be more prevalent in the provinces than in Madrid but has acquired a particular relevance now because of the Socialist Government's laws preventing civil servants and MPs from holding incompatible jobs. None the less, if the Socialists' reforms go ahead, then in future a majority of the members *of the* boards of the ordinary savings banks will be named by the local authorities. This would imply de facto nationalisation and the old abuses would recur in a different guise, with the local authorities, the chief borrowers of the savings banks, on the boards of these banks as well.

For the agricultural savings banks the situation would be slightly different. The Socialists' plan to give the agricultural co-operatives a minority representation on the boards of these banks. However, traditionally the *agricultural* co-operatives have been these banks' chief credit clients.

Finally, reversing the liberali*sation trends since* 1977, the Socialists are planning to stop savings banks opening branches outside the region where they are based. That said, one limitation under consideration is that the savings banks may establish only 5 per cent of their branches outside their region of origin.

The Socialist programme also states that savings banks will be prevented from acquiring participations in the capital of *commercial banks. This too may* admit exceptions, *however* — for instance the possibility of the biggest Catalan savings group, the Caixa, acquiring an equity in the Catalan Banking Group.

Again much stricter control is going to be exercised over the savings banks' activities. With this in mind the percentage of reserves that the savings banks are obliged to set aside to cover doubtful debts is going to be increased from an average of 50 per cent of reserves in 1981 to around 80 per cent. This will reduce the resources available for social and welfare projects, which absorbed Ptas 16bn of the savings banks reserves in 1981.

Independent auditing is going to be encouraged. This is long overdue. At present responsibility for the auditing of the ordinary savings banks *lies* with the Confederation of Savings Banks, which is formed by the banks themselves, while until recently the agricultural savings banks did not come under the control of economic authorities. Instead these banks were the *responsibility of the Ministry of* Labour.

Crises in half a dozen ordinary savings banks in 1982 and in up to a dozen agricultural savings banks in Spain's less developed regions made headlines in the Press. The reasons for these crises are much the same as the reasons for the commercial banks' failures — over-concentrated investments, insufficient official control, incompetence and occasionally fraud.

That said, it is a reflection of the resilience of the savings banks, as a result of their relatively small-scale of their operations and the relatively limited concentration of their risks, that in no case has any of them been struck off the register. There has also been no case of a savings bank requiring intervention by the official Deposit Guarantee Funds. These funds for the two types of savings banks have now been established. They are run on exactly the same lines as the first Deposit Guarantee Fund, which was set up in 1978 to cope with the crises in the commercial banks.

هكذا صدر الأصل

The trading floor of the Madrid Bourse. Business is at a low ebb

The stock market is one of the financial sectors worst hit by recession

Bourse comes under heavy fire from irate investors

IN MID-FEBRUARY the president of the Madrid Bourse was the studio guest of a popular phone-in programme broadcast by the state radio network. The studio's telephones were jammed for the one hour show as listeners bombarded Sr Luis de la Concha with complaints of savings that had vanished on the bourse. In the days that followed the programme Sr de la Concha's staff struggled to keep abreast of a flood of letters on the same theme.

The correspondence, clumsily written and phrased, was an indicator of a whole class of small Spanish savers who had been agonisingly buffeted by the recession. "I never want to hear of your bourse again," wrote one whose letter topped a pile of similar messages stacked in an in-tray.

The directors of the Madrid Bourse were not surprised at such deeply felt resentment. An investment of Pts 100 in the stock exchange in 1974, year one of the recession, was worth Ptas 9 at the beginning of 1983. There was, however, cause for dejection over the evidence that the Bourse may well continue to be in the doldrums. Last year saw the stock markets reassessing their cautious optimism of the past two years and early measures by the new Socialist administration were deemed at best unhelpful.

Undistinguished

Last year was an undistinguished one for traditional bourse trading. It was particularly depressing because it shattered an illusion that the corner had been turned. The previous year had, after all, been the first to show positive growth since 1974 and 1981 had been, for some, a year which appeared to bear out a new upward trend.

That year the index, which starts every January 1 at a base of 100, had hit 148.13 in early September and had finished on December 31 1981 at 124.08. Last year was a different story altogether. Starting again at 100 the index climbed to a maximum of 107.45 in the second week of February and thereafter slid downwards to end on a decidedly negative note.

This was not altogether unexpected. From February onwards political uncertainties set in and the likelihood of early elections increased. By the end of July the index had dropped 12 points to 93.18. It then proceeded to fall a further six points during August, the month when elections were at last announced. It dipped below 80 at the start of September when the election campaign was about to start and then, after a brief recovery, fell to a year's low of 78.97 on December 15, within a week of the Socialist Government taking office. At the close of 1982 the index stood at 81.85.

The key feature of the year was none the less not so much the downturn of the index as the broadening of the bourse to capture the short-term credit market. This was the continuation of a diversifying trend in the Spanish stock exchanges initiated in 1980 when bills of exchange were first introduced. The broadening was a direct consequence of the crash of the quoted shares in the post 1974 period which had reduced the bourse to a virtual stagnation as wary investors stuck to the blue chips. Investors immediately found the bills of exchange—negotiated on the stock floor by the banks which in turn guaranteed them—an attractive proposition. The bills allowed money to be placed for a fixed term with high returns and with the possibility of being renegotiated on their expiry.

This initiative was the success story of 1981 when Ptas 40m were traded in bills and the trend was confirmed last year when the previous year's volume was surpassed by 40 per cent. This encouraging sign prompted the bourse to diversify further in the short-term credit sector by introducing short-term Treasury bonds in May last year as well as short-term company bonds. Five months later, in October, brokers claimed a significant success for the two new investment models. Between May and December Ptas 15bn of short-term Treasury bonds were traded by the bourse. Between October and December the bourse trade in short-term company bonds totalled Ptas 5bn.

Both the Treasury and company bonds offered the investor a six-month or a one-year deposit with the option of maintaining the loan. Close on 70 per cent of investors took out this option in Treasury bonds and must of the remaining investors opted for yearly deposits, indicating that the initiative had caught on quickly. Returns on the bonds were within a 13 per cent to 16 per cent band.

The first company to issue bonds was the state electricity utility Enher, with Britain's Midland Bank acting as agent. The state railways, Renfe, and General Motors followed, with the Banco Industrial de Bilbao and the Banco Urquijo respectively as agents. Interest on the initial company bonds on average topped 16 per cent.

Despite the short life span of the new trading models on the bourse they made a considerable impact. Together they accounted for 40 per cent of the volume of trade of the bourse during 1982. This was an impressive stake in a year when, despite the falling index, trading in the traditional bourse business, quoted shares, bonds and Government bills, had itself increased by 14 per cent over 1981.

Overall trading on the bourse totalled Ptas 260bn, an increase of 30 per cent on the previous year. The trend was clearly, however, towards fixed term deposits, as the new initiatives had underlined. Trading in quoted shares increased a mere 6 per cent, while trading in bank bonds, which took the lion's share of the fixed deposit sector, was up by 60 per cent on 1981.

The trend, however, brings the Bourse into ever-increasing conflict with the banks and the savings banks. It is a competition over short-term loans, moreover, in which the bourse has an initial clear disadvantage as the banks have a greater and easier access to investors as well as playing a dominant role in any case in the Bourse itself.

Investors, bitten by the bourse and shy as a result, can negotiate their fixed deposits on the banking and caja circuits without any broker intervention. Bourse officials despondently recall that in 1974 30 per cent of Spanish industry's credit was raised on the stock market floor, against nine per cent at present.

Discriminatory

The rivalry between the bourse and other capital-raising markets has become more pointed as the result of a Government decree published in December last which, while ostensibly providing a bridging budget up to this spring, when the new Finance Minister unveils his 1983 financial directives, included a series of measures alleged by the Bourse to be clearly discriminatory. In addition, bourse officials were concerned that the decree ended a 15 per cent overall tax rebate on investment in the stock exchange, making it applicable only to the subscription of new issues.

A more discouraging measure contemplated by the decree was nevertheless a directive that ordered brokers and other intermediaries to notify all transactions on behalf of their clients to the Treasury. This took one step further a long-standing struggle between tax authorities and financial institutions that dates back to the start of the post-Franco fiscal overhaul.

The banks had managed to protect in part banking secrecy by wresting the concession from the administration that they would only be required to reveal a depositor's assets and operations when the client in question was specifically and formally named by the monetary authorities. The December decree applicable to the bourse made such revelations mandatory in what bourse officials claimed was a clear discrimination that would ensure that investors decisively moved away from the stock exchange and rushed to the banking halls. The decree, according to one bourse official, turned "brokers into tax inspectors."

The actual detailed workings of the measure over bourse transactions are still awaiting formal complementary legislation in Parliament and brokers have not lost hope that such evident discrimination may be levelled out. The bourse has made a substantial outlay to attract new and diversified business — looking towards future generations of investors it even went to the gimmick lengths of installing a children's stock exchange, a life-size monopoly game, at the annual Valencia toy fair.

All that, as well as sympathetic treatment from the new Government, will be necessary to struggle through the lean recession years and deflect at least some of the more irate and wounded letter writers and phone-in callers.

Tom Burns

Recession has also begun to bite into bank earnings

Bank profits lose much of their shine

THE LINGERING sickness of Spanish industry has begun to produce symptoms of weight-loss at even the most prosperous of the country's banks.

They have up to now enjoyed some of the highest profit margins in Europe—and well above the North American average. But results among the "Big Seven" private banks for the last year show profit growth cut back sharply and negative in real terms.

Net earnings, which in 1981 rose within a range of 28 to 42 per cent, failed to keep up with inflation in any of the six cases for which figures have been released to date. Banesto, the last to report, is expected to show much the same trend.

According to Sr Rafael Termes, the diminutive Catalan who heads the Spanish Association of Private Banks, this year will, if anything, be harder. Faced with a continuing deterioration in their financial situation, companies cannot take on further expensive credit. The yield on banks' assets has been getting lower as the cost of their liabilities has been getting higher. Income from banking services has failed to make up the difference.

Profit growth last year is broadly reckoned to have been at most 10 per cent for the whole Spanish banking sector, about half the growth in assets.

The biggest increases in net earnings among the principal banks—at Central, Hispano-Americano and Vizcaya—were all under 12 per cent compared with an inflation rate of 14 per cent. Santander, in tail position, showed a rise of under 1 per cent.

Most of the banks reached these figures after making sharp increases in their provisions for bad and doubtful debts. But eevn without this drain on net results their margins have been shrinking.

In particular, the cost of customers' deposits has been rising steadily. The proportion of sight deposits in the private banking system has been steadily going down, from around 40 per cent in 1975 to below 30 per cent at present. Ordinary savings accounts with fixed interest rates have also declined from over 20 per cent to less than 15 per cent of the total.

The growing sophistication of depositors has led to a big increase in the categories of savings which enjoy unregulated remuneration, especially in six-month and two-year deposits.

The large banks have reached agreement among themselves to hold down the interest they pay on term deposits and are hoping the Government will fall into line in the financing of its public sector deficit.

Onerous

At the same time the banks complain of what they consider abnormally high compulsory deposits. Since December a further one per cent of their deposits has to be held in non-interest-bearing accounts at the Bank of Spain. This increase, part of the peseta devaluation package announced by the incoming Socialist Government, was the first since 1978. Now at 6.75 per cent it is considered by the banks to be unjustifiably onerous. At the same time they have no respite on the other standard obligations which effectively tie down a large part of their resources at unprofitable interest rates.

These quotas for low-income state-directed investments, which were being gradually reduced up to late 1981, currently stand at 21 per cent for commercial banks — including 13 per cent in public funds and three per cent in cheap export finance — and 18 per cent for "industrial" banks.

The only exceptions are banks which have obtained special temporary concessions from the Bank of Spain in the course of rescue operations — such as Banco Hispano-Americano's recent takeover of Banco Urquijo—concessions which presuppose that the banks concerned have enough losses to bear already.

The slackness of demand for credit has made it more difficult than in the past for the banks to offset this tying-down of funds.

A further impact on bank profitability has been made by the development of new financing instruments — banker's acceptances and other negotiable paper—which bypass the classical lending circuits. But the effect of this is limited, since the banks themselves gain from the business generated.

Set against these factors is the improvement in productivity that has undoubtedly taken place throughout the system. Banks have succeeded in holding down and sometimes reducing, proportionately, the burden of staff and other operating costs.

These are still considered high by international standards, however. There is doubtless room for substantial further cuts but in the present political context it seems unlikely that the reduction in banks' overall employment will be any less gradual than in the past.

In general the big banks may seem better placed to defend their profit position, since their country-wide networks give them privileged access both to deposits and to large companies' business and also since they are better equipped to sustain the cost of centralised computer services.

But the outstanding profit record of some of the smaller banks suggests that regional concentration and specialisation also have a place in the development of the sector.

David White

Total financing needs expected to run close to last year's £4.6bn

Foreign debt: chasing bond markets

WITH A total foreign debt of some \$27.5bn at the end of last year, Spain has long established itself as a regular customer of the Euromarkets. This year the country is again expected to be an active borrower, with total financing needs running close to last year's total of \$4.6bn.

Yet the climate in which Spain will launch these new borrowings has changed markedly since 1982. The Euromarkets have become a much tougher place for borrowers since the Latin American debt crisis broke last summer. Margins on Eurocredits have begun to increase even for favoured European borrowers, and international bond markets have become much more selective.

Spanish officials say they have two broad objectives when approaching this year's borrowing. First, they would like to raise sufficient money to allow for only a small drop in foreign exchange reserves (last year net foreign exchange reserves fell by \$3.5bn). Second, they would *like to diversify their source of* funds with increased recourse to the bond markets and less use of the dollar as a borrowing currency. The U.S. currency makes up 60 per cent of the country's total debt.

Objectives

So far in 1983 the markets *have given little clue* as to how far Spain will succeed in meeting these objectives. Public sector entities have held back from the Eurocredit market, partly because of the difficulty of pricing loans in today's volatile conditions. But in January the Kingdom of Spain did float its first-ever floating rate note for \$200m in the Eurobond market. This was an effort to tap new sources of funds including *foreign central banks* but initial reaction to the issue was less than enthusiastic.

Economic factors are, however, working on the side of Spain. In prospect for 1983 are declines in world interest rates and in oil prices, both of which should benefit the country's external accounts. Spanish officials say that a drop in the *oil price of \$4 per barrel* would save the country some \$900m a year. *If the fall in oil prices* does gather speed the country may run a current account deficit rather lower than the \$2.5bn to \$3bn currently predicted. This in turn would reduce its need to borrow abroad.

Spanish officials say that they accept the need for margins on Spanish Eurocredits to rise in line with *market conditions* but they want to preserve Spain's relative credit standing in the market. *Over recent years* Spain has earned a credit rating somewhat less favourable than that of Scandinavia but rather better than that of Italy.

This relative status is one that they would also like to see applied to the pricing of Spanish issues in the international bond markets. Here, however, Spain does face a problem. Because *it is not an absolutely premier* name it must pay a premium compared with other issuers of fixed rate debt.

For example, Spain has long wished to float a sterling issue in the London market, a so-called bulldog bond. A recent £50m issue in this market by Sweden was priced at a margin of 2.25 per cent over the equivalent *British Government* gilt-edged stock. Spain recognises that it would have to pay an even higher margin to get the *issue off the ground but such* a large inbuilt premium means that it is unattractive for Spain to float such an issue unless interest rates are much lower than at present. The total cost of contracting long-term fixed-rate debt at *present interest* levels would simply be too high.

Unless interest rates do drop quite sharply Spain is, therefore, likely to fall back rather more on the Eurocredit market. Total Eurocredit borrowings by Spain fell last year to \$1.81bn from \$3.24bn in 1981. This was partly the result of increased activity in the domestic market for syndicated peseta loans—preferred by many Spanish borrowers because it does not involve any exchange risk.

Recent experience on the *peseta market suggests*, however, that it is approaching the *limit of its capacity to absorb* large new loans. Once again this *may* be a reason for forcing Spanish borrowers back into the Eurocredit market for international loans.

Margins

Already this year several borrowings have been arranged for private sector entities in the Eurocredit market. One of these, for the electricity utility FECSA, actually bore a margin of 1 per cent over London Euro-*currency rates. On most of the* deals the margins have, however, held at a slightly lower level of around ¾ per cent, which is noticeably higher than last year.

A real test of the market's attitude to Spain should come in the second quarter when the Kingdom itself is expected to float a large Eurocredit. Terms on this loan are expected to serve as a benchmark for other Spanish borrowers but a small indication of the way the wind is blowing has come with a \$160m credit for INI, the Spanish state holding company.

This seven-year credit bears a margin of ⅞ per cent over *seven* years and is part of a larger package that also includes a Ptas 25bn syndicated loan in the domestic market. This suggests that the Kingdom itself will have to pay a margin of ½-⅝ per cent over Libor when *it finally comes to the market.* Such a forecast only holds good so long as present market conditions do not change. Like many other borrowers Spain faces a period of groping in the dark in the Eurocredit market until margins finally settle at a new and higher level.

Peter Montagnon

Queues formed outside offices of member banks of the Rumasa group after the announcement that the Government had decided to take over those banks in order to protect depositors

PROFILE: BANCO EXTERIOR DE ESPANA

Bigger domestic network competing more directly with private sector

Unique role in banking sector

FROM THE competitor's view-*point* "*the bank without* frontiers" — traditional adver-*tising slogan of* Banco Exterior de Espana—has taken on new meaning since the Socialists came to power.

Unique in that it is two-thirds controlled by the state, Banco Exterior is the most official of Spain's private banks (in whose listings it is included) and the most like an ordinary bank among the public sector credit institutions.

Under a Socialist administration that eschewed the temptation of trying bank takeovers a la francaise, its importance has been strengthened *both as a tool of Government* policy and as a half-way-house between the Government and the private banking establishment. The latter eyes its growth ambitions with suspicion.

Fears about a state role—impinging on what the private banks are used to considering as their own—have increased in recent weeks.

The out-of-the-blue expropriation of the Rumasa group *has changed the complexion of* the state banking sector, adding *to it, at least for the time being,* one of the top eight groups of banks in the country.

Banco Exterior itself, by the usual criteria, is ranked just below the "big seven" private banks but it can also now be seen as the main element in a Government-controlled ensemble *that* together surpasses the leaders Banesto and Banco *Central in both assets and* deposits.

Sr Francisco Fernandez Ordonez, chairman of Banco Exterior —*steadily expanding its domestic network.*

Convert

With Sr Francisco Fernandez Ordonez, former centrist Treasury Minister and recent convert to the Socialist ranks, *as its new chairman,* Banco Exterior has continued to build *up its domestic network and* compete more directly with the standard banks.

It has been expanding its relatively modest total of slightly more than 400 Spanish branches by about one a week, competing for deposits and local company business and spreading into rural areas.

This month it clinched its offer for the local branch network of Banco de Alicante, the first part of the troubled Banca Catalana group to be *farmed* out. This was the third ailing bank it has *picked up* since 1980 in its bid to bolster its presence on the domestic market, after Banco Cantabrico, which it made into a "second *brand,*" and *Banco Rural y* Mediterraneo, which it absorbed under its own name.

From the special export slot allotted to it in the banking system it plans to trespass more into business such as housing finance and even farm credit.

This change is the other side of the coin to its loss last year of what used to be a comfortable monopoly in official export credit. Until the change Banco Exterior was the only bank to *channel export funds from the* official credit institute ICO. This year, however, it has to compete with other banks for the Pta 140bn of concessionary funds budget at the ICO for relending *as export finance.*

This by no means signifies *that Banco Exterior is moving* away from its special export function which it was set up to fulfil in the late 1920s. Sr Fernandez Ordonez says he wants to develop the bank in both directions and emphasises the effort required of it under the Government's stated aim of *5 per cent growth in exports in* real terms this year.

In areas such as Latin America, where Spain's hopes of trade expansion are largely pinned, he sees the bank as "a kind of economic embassy."

Controlled through a direct state majority shareholding, with smaller stakes held by the Bank of Spain and the INI state *holding* company, Banco Exterior is the biggest Spanish bank *outside Spain, with more* than 100 branches or offices in 29 countries and a major role in international syndicated loans.

Current expansion plans include Singapore and the Far *East, and the West Coast* of the U.S.

Its role in export credit—*of* which it handled 62 per cent last year, as against 36 per cent *by the private banks and two* per cent by savings banks—is *consecrated by special rules.*

Standard commercial banks are committed to state-directed "investment quotas" equal to 21 per cent of their deposits and including a three per cent quota for export credits. In Exterior's case the quota is higher — currently 32 per cent —and is exclusively devoted to export financing. Over and above *this*, export funds are available from the ICO at a *special rate which* allows a margin of profit for the bank.

Urgency

Reflecting the — quite new — urgency given to exports, credits have quadrupled since 1977. Total Spanish export finance was 30 per cent up last year at about Ptas 1,100bn. For Banco Exterior the rise was even sharper, up 46 per cent to *some Ptas 700bn.* Although these loans are mostly covered by the export credit guarantee agency, the state-controlled CESCE, the bank has increased its risk provisions by as much as 56 per cent — higher than any of the other major banks — to Ptas 11.4bn.

The private banks have already carved themselves out an *important slot* in financing sales of capital goods, including industrial plant and ships. But Sr Fernandez Ordonez is confident about his bank's role and experience in term financing: "We have the know how in export credits, much more than private banks can have."

The development of its retail banking activities does not mean Banco Exterior *is* about to relinquish its own territory. Indeed part of the idea is precisely to get closer to smaller Spanish companies and the reserve of export potential they contain.

David White